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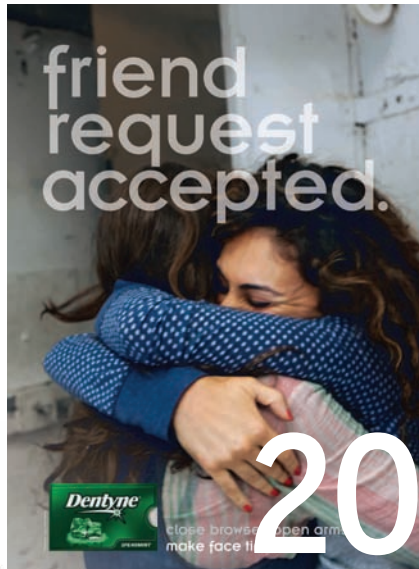
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ON THE COVER Our brand therapists – creative guru Ian Mirlin, Queen's prof Ken Wong and Juniper Park prez Jill Nykoliati – lit up when they saw the spread of vintage medical implements (some more horrifying than others) in the studio of Toronto photog extraordinaire Nigel Dickson. After everyone had chosen their weapons, the trick was getting them to look mean – and separating Nykoliati from her Crackberry. The final product was a fitting introduction to our first-ever Category Check-up (see p. 47). This won't hurt a bit...



The new non-consumer is real. Deal with it

I was in Washington last month helping out on a rather massive event held by our international doc/non-fiction biz sister brand *Realscreen*. And while I had nary a sighting of Obama, or the White House for that matter (do not go sightseeing at night), I did get a reality check on the new American consumerism. Or lack thereof.

As part of my duties at the Realscreen Summit, I was charged with introducing futurist Marian Salzman, CMO of Porter Novelli and a long-time and eerily accurate source of big-picture what's-next intel for *strategy*. Her starkest observation? Shopping – as a national pastime – is dead. When she shared that tidbit with a group of international commissioning editors, a full-blown argument broke out. It wasn't a welcome subject.

The reality is likely less dire here. Consumers are less freaked out (so far). However, ignoring a fundamental culture shift – regardless of how long-term it may be – is not a wise call.

A recently-released Synovate global economy and prices survey found Canadians more optimistic about their prospects than their global peers (based on a study of over 11,500 people across 18 markets, fielded in November). The Brits are bleakest (three quarters say the economy is going to get worse), followed by the U.S. (69%). Here, 54% of the population thinks the economy will worsen.

Globally, job loss was the biggest fear, but in Canada, losing on investments topped the list, with 23% saying it's their number one nightmare. And over half of us here have cut down on spending. Canadians are also buying less on impulse (53%) and luxury (52%), while 42% say they're comparing prices. Given the findings, Synovate's global director of knowledge management and insight Mike Sherman said, "The old rules no longer apply. In times like this, brands should show what they're made of. To make sure a brand is one of the winners, marketers first need to know what people are doing, feeling and buying."

Porter Novelli's research found major shifts in thinking regarding what's worth time and money. Salzman explained that in the new consumer mindset, value is about the basics and no frills – "luxury feels like insanity." Which is why Loblaw's national brand-level support for its No Name line resonates (see p. 24). Rather than diminishing the Loblaw experience with a discount message, it just feels right now. Is the unbrand the new brand?

This is not all strictly recession-related. From books to the blogosphere, there's evidence of more people kicking their retail-as-therapy habits over the past few years. Factor in boomers' changing fortunes triggering a consumption slowdown, and a movement to savings over acquiring, and it tips to what some pundits are calling a global structural shift.

Salzman explains that some of the motivation is tied to behaviour that helped trigger the crisis: "Even before the economy turned they felt they had too much stuff, and spent a lot of time in organizing stores trying to store all their stuff." Ring a bell?

Instead of hitting the road for retail therapy, Salzman finds people are scratching that itch with sessions of media munching. "Digital is now the ultimate consumer category; this is where you spend your time and money," says Salzman, concluding, "people are looking for new ideas, new ways of coping."

What does it mean for brands? There's an opportunity to be part of the solution if you respond quickly and hit the right note as people rethink their habits. It may require becoming relevant in new ways. Brands that were built by creating perceived value or by forging aspirational associations, may need to develop real value and forge useful associations.

And stop using the word "consumer." Test your ideas by asking: "would people care about this? Would I?" That's a real value reality check.

Cheers,mm

Mary Maddever, exec editor, *strategy*, *Media in Canada* and *stimulant*

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Figuring **out** Flyers

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MILK COATS QUEBEC WITH CHEER

BY THERAS WOOD

The Quebec Federation of Milk Producers aims to rid Quebecers of their winter blues. With the help of Nolin BBDO Montreal, the Federation is targeting 18- to 49-year-olds with a cheerful integrated campaign during a season not normally associated with chilly beverages. "Every winter we run a campaign, but this is the first time milk has been associated with a season," says Nicole Dubé, marketing director at the Federation.

In addition to an OOH coating of Quebec's city centres, the campaign aims to accumulate impressions by frequently refreshing content until the end of March. Billboards will change weekly with a series of cheery messages, comforting Quebecers during a season when "everyone is complaining about the weather," says Dubé.



"Everyone is aware that milk is good for them," Dubé explains, so the brand required a shift in marketing strategy. An emotional consumer connection became the focus in order to maintain current drinkers and help others rediscover milk.

Montreal and Quebec City businesses have the chance to win a delivery of milk, cookies, and heartening messages. The promo is supported via radio station RockDétente, and 14 other radio spots will be included. According to Dubé, radio was emphasized because of its ability to create the same relaxed humour of the billboard ads, explaining that "it's very easy to be creative with radio."

The comfort concept transfers into major subway stations where a team will escort commuters to large booths equipped with telephones where they can listen to radio ads and receive pins sporting uplifting taglines.

Media buys were completed by Touché PHD and the campaign also spans shopping centres, the web, subway benches, and *Metro* newspapers.

MEGA BLOKS GET HALOED

BY EMILY WEXLER



Fans of both construction and destruction rejoice. Montreal-based Mega Brands has teamed up with Microsoft to develop a line of Mega Bloks construction kits based on the new *Halo Wars* videogame. *Halo Wars*, which comes out this month for Xbox 360, is a real-time strategy game and the first in the popular *Halo* series to garner a "Teen" rating instead of the usual "Mature" – something Mega Brands is taking full advantage of.

"We've been trying to increase our footprint amongst the builders that are five-plus by associating ourselves with great cool brands," says Harold Chizick, VP media and corporate communications at Mega Brands.

Enticing the tween and teen builder set, as well as adult collectors, the *Halo Wars* Mega Bloks will hit stores around the world this summer. Mega Brands plans to promote the Bloks through PR and product sampling, as well as online viral efforts which will include getting the word out to influential bloggers and gaming websites (all initiatives will be done in-house). They also hope to ride the wave of marketing done by Microsoft and co-merchandise with the game at the retail level.

Chizick says that a videogame partnership offers a new advantage because of its evergreen nature. "The thing that makes a videogame so special is that it's 365 days a year, interacting with your core," he says, "and we expect that we'll see strong sales throughout the year."

CPAA BURNS SMOKERS



The Indian Cancer Patient Aid Association (CPAA) and Montreal's Bleublancrouge have joined forces

to snuff smoking. The pro-bono print campaign, "Cigarettes Smoke People," launched in India last month.

The campaign depicts smokers' limbs as burning cigarettes, illustrating that the cigarette always wins, explains Gaëtan Namouric, EVP/CD at Bleublancrouge. "It's the same thing we've been trying to say for 20 years, but we wanted to give it a new twist."

The Indian CPAA was chosen by the agency due to the mass of smokers in India. "It's a good demonstration that we can be the same, or we can be different, but we can speak the same language," Namouric says, of bridging the cultural gap. TW

PICK FROM ABROAD: INDIA

FAIREY VOTES FOR EARTH HOUR



BY CAREY TOANE

Unless you've been living under a rock, there's no need to explain that the poster to the left is the work of street artist Shepard Fairey. The "Vote Earth" concept designed for Earth Hour '09 is easily linked to the artist's "Hope" portrait of Barack Obama.

Commissioned by Leo Burnett and WWF, the poster will appear in Canada in a PSA, wild posting and online as part of the first global marketing effort since Earth Hour was born in Australia three years ago, says WWF-Canada president Gerald Butts. "This is the one opportunity that citizens all over the world have to come together and say 'We're concerned about climate change,'" he says, adding that the goal is to get one billion

participants this year. "Shepard very cleverly picked up on the 'light switch and vote' concept and indicated that [this] is your way of voicing your vote on climate change."

The hope is that Fairey fans will literally steal the poster – although it's also available for download from Wwf.ca/earthhour – and get the message to turn off their lights for one hour at 8:30 p.m. on March 28. "It's a quintessential viral campaign," says Butts, adding that 10 million Canadians spent an hour in the dark last year – more than any other country.

WWF's Earth Hour partners in Canada include Sears, CBC, Coca-Cola and Maple Leaf Sports and Entertainment.

WALMART REVAMPS

Walmart Canada is making changes. After researching 3,000 Canadians last fall, the retailer expanded their target demo – previously characterized by "Linda," a middle-income mom – to include three main groups: price-value shoppers with lower incomes; brand aspirational, for whom national brands are important; and price-sensitive affluent, who have a higher income but like to save money. "What unites them is they're still value-driven," explains Jeff Lobb, VP marketing, Walmart Canada.



To appeal to their newly-defined shoppers, Walmart Canada adopted the new logo and tagline introduced in the U.S. market last year. Gone is the militaristic star between "Wal" and "Mart" – the retailer is going by one cohesive name with a softer look and the tagline: "Save money. Live better."

New Canadian TV ads created by JWT Canada, as well as print and online debut the message. "We provide examples of what consumers could do with their savings," Lobb says.

Lobb adds that the brand aspirational group over-indexed in terms of internet use, so they'll be revamping Walmart.ca.

And "Save money" certainly addresses the economic climate. "I think more than ever it's our time to shine," says Lobb. **EW**

"It's about helping and building communities"

Brilliant!

MICROSOFT & UBISOFT GRAB GAME MAKERS



Microsoft Canada and Ubisoft Montreal have game developers in their crosshairs. The two partnered up on an integrated business-to-business marketing campaign that narrowly targets Canadian game developers and enthusiasts. Via the videogame *Far Cry 2*, dynamic in-game ads lead gamers to a secret, co-branded section of the Canadian *Far Cry 2* website, hosted by Ubisoft and Microsoft.

This insider approach allows for a level of interactivity and engagement not offered by traditional advertising, explains Ariel Vinizki, account director at MacLaren McCann/M2 Universal. The secret *Far Cry 2* site provides gamers with free trial downloads of Microsoft developer software, a free PC map, and testimonial diaries from the developers of the game regarding their use of the Microsoft Visual Studio development system. The website also allows users to register to win a group gaming session with the *Far Cry 2* development team.

The in-game ads, built using technology created by Massive Incorporated, mark the first time that Microsoft Canada has initiated such advertising for B2B purposes. "It's a great way for us to get the product in the developer's hand and have them play and experience Visual Studio," explains Rini Gahir, senior product manager of developer tools at Microsoft Canada. "They can see their creation and they can share it with other people in the community," he says. "It's about helping and building communities." **TW**

WATER COOLER

ASKING CANADIANS



Last August, a listeria outbreak was linked to Maple Leaf's Toronto plant, causing several deaths and forcing the company to recall all products produced there. Since then, Maple Leaf has been campaigning to win back the trust of consumers, but is it working? (see p. 54) We want to know if Canadians are still buying what Maple Leaf is selling.

Are you buying Maple Leaf products?

Yes – The messages from the CEO convinced me	36%
Not yet – I want reassurance from an outside expert	19.2%
Yes – The ads in which Maple Leaf employees feed it to their families convinced me	18.8%
Not yet – I haven't seen the messages or ads, they need a broader campaign	13.1%
Never again – I'll steer clear of the brand from now on	12.9%

This poll of 1,000 Canadians was conducted by the AskingCanadians™ online panel from Jan. 21 to 23, 2009. AskingCanadians™ is owned and operated by Delvinia Data Collection. www.delvinia.com

HEY CANADA, IT'S HAPPY BUNNY!



This country is about to get a little cuter and a little meaner. New York-based CopCorp Licensing has inked a deal with CPLG Canada to manage the licensing of Jim Benton's properties in Canada. Benton, an American author and artist, is

known for creating characters that make up for their rudeness in being adorable. The most famous is It's Happy Bunny, which has generated over half a billion dollars in sales since its inception in 2000, with merchandise sold around the world.

While Benton's characters can already be seen on products here, Kelly Ellwood, MD of CPLG Canada says that having a Canadian company manage the licensing opens the door for more opportunities. "Having somebody on the ground who understands the market, the consumer, and has day-to-day access to the licensing community and the retailers is an advantage," she says.

It's Happy Bunny is already on everything from stationery to sporting equipment, but Ellwood hopes to expand even further to reach its two main demos – tween/young teen girls and adult women – and sees potential for everything from snack goods to interactive games and even bottles of wine. Cross-promotions with other brands are also a possibility, she says. **EW**

RED BULL GIVES VOLUNTEERS ARTISTIC WINGS

BY BRYDEN SUITS



Who needs to pull an all-nighter? Artists? Volunteers? Fortunately, Red Bull is there for you.

During March, Red Bull's Toronto-based 381 Projects office/gallery space will lend some wings to both groups by previewing pieces from the Framework Foundation's flagship annual silent art auction, wherein philanthropically-inclined individuals pledge volunteer hours for a number of organizations rather than pay cash. If you're a keener, the charity's sixth Annual Toronto Timeraiser art-for-hours event takes place March 21 in the Distillery District in Toronto, supporting the Framework Foundations Civic Footprint program.

The 381 Projects gallery space, located in Toronto's Queen St. West neighbourhood, opened last May. "Red Bull 381 Projects is one of our strongest creative arts properties in Canada," says Jaimeson Keegan, director of athlete and culture marketing for Red Bull Canada, "and given its functionality as an exhibition space, along with its mission to 'give wings to emerging Canadian artists,' the parallels with Timeraiser become all the more apparent."

As for Red Bull's long-term artistic aspirations, the aim is to have a new show every month in the hopes of attracting anyone interested in innovative art. "We want to build the brand first – that success leads to selling the product," Keegan explains. In terms of its overall brand portfolio, the trendily-located gallery adds a hipper vibe to Red Bull culture than its fantastical Flugtag events.

But Red Bull still loves competitions and next up for the gallery is Canada's best Doodle Art, scouted via a university-wide contest last month. The contest poster was doodled by the folks at Sid Lee. All of them.

A woman with dark hair tied back, wearing a blue top and large hoop earrings, is seen from the side, reading a magazine. The magazine's left page features a computer monitor on a desk with the text "Welcome to the future. The flying cars will have to wait." The right page contains columns of text. In the background, a desk with a computer monitor, keyboard, and mouse is visible under a desk lamp.

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**Magazines
Canada**

BY MARY DICKIE

Miele Canada president Jan Heck refreshes a century-old brand with a revolutionary new business model that establishes direct relationships with its consumers

THE BUCK STOPS HERE

We know who the customer is, we have the relationship...
And if something goes wrong, we control that process too, so the customer doesn't get the runaround

Above: Miele president Jan Heck.
Right: the Limited Edition Chocolate Laundry set, the company's first foray into coloured appliances, debuted in Canada.

It's 3 p.m. on Christmas Eve, 2008. A woman in the GTA is making Christmas dinner when her cooktop stops working. She calls the manufacturer, Miele Canada, but is told that no technicians are available. So she tracks down the home number of the company's president, Jan Heck, and asks him if there's anything he can do. Heck calls the warehouse to locate a new cooktop, and has it delivered and installed in time for her dinner.

That story illustrates the advantages of the new business model launched in September by the Canadian subsidiary of the German appliance maker, which has been operating here since 1988. It's called the Miele Chartered Agent (MCA) system, and it turns the company from a manufacturer into something of a retailer as well. Customers still buy its refrigerators, stoves, laundry machines, dishwashers, coffee makers and vacuums at stores like The Brick, now known as authorized chartered agents, but Miele handles the delivery, installation and service. It's a system designed not only

to improve the efficiency of the process but also to establish a closer relationship with the consumer. "It's revolutionary," says Heck, who joined Miele Canada 10 years ago after working in food processing for other German companies in Canada. "Because you're

dealing directly with the manufacturer, there's no wholesaler, retailer or distributor involved. So it's quality control, not just from a product point of view but all the way to making sure the customer is satisfied. And if something goes wrong, we control that process too, so the customer doesn't get the runaround."

"And knowing the customer is a huge benefit in this industry, and a unique one," adds Kelly Lam, Miele Canada's director of marketing, who has been with the company for just over a year after 10 years with BMW Group Canada.

The MCA system is also a boon for the retailer/agents, says Geoffrey Roche, CCO of Toronto-based Lowe Roche, Miele Canada's



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new AOR (Miele did their advertising in-house before hiring the agency last June): “The smart ones are realizing the advantages of not having 60 dishwashers that they own in their warehouse. Miele is going to turn this industry upside down.”

In Europe, where it has been operating for 110 years, Miele is a household name. But in Canada it's seen as the maker of niche products for the ultra-rich (prices range from \$700 to \$1,200 for vacuum cleaners up to \$5,250 to \$9,990 for fridges and freezers). Miele Canada is countering that by introducing more affordable products, and it's reaching out to Canadian consumers to educate them about the brand.

A crucial part of the plan is attracting consumers to Miele Canada HQ, which opened off Highway 400 in Vaughan, Ont., in 2006, and will soon hang out a “Miele Gallery open to the public” shingle. The building houses a call centre where attendants deal with customers seven days a week, a public showroom with working kitchens, laundry stations and a mini café. “It's like a cross between the most beautiful hardware store I've ever been in and Disneyland,” says Roche.

There – as well as in galleries in Toronto's St. Lawrence Market and Yorkville districts and in Montreal, Vancouver and soon Calgary – the company hosts wine tastings, art shows and demo nights to showcase its products and introduce new ones, like the chocolate-brown laundry machines launching this month. And Lam's 13-person marketing team includes two home economists to provide customer assistance on the phone and in person.

At Miele.ca, you can inspect appliances and buy accessories for them. Or you can go to the new “shop-in-shop” outlets – mini Miele showrooms set up in stores like The Bay which display the products with soft lighting and eye-catching design elements.

Miele's advertising has traditionally stressed high quality and smart design, but the new business model calls for an expanded strategy with more mainstream advertising. So far, Lowe Roche's initiatives have included a fall campaign promoting the MCA launch with print ads in major dailies. Marketing spend has increased to support the new initiatives.

Miele also has sponsorship deals involving tennis and alpine skiing events like the Miele Junior Race League. Then there's its sponsorship of the Toronto-based Charles MacPherson Academy for Butlers and Household Managers – a niche market to be sure, but one that makes perfect sense for a manufacturer of high-end appliances.

Strategy sat down with Jan Heck and Kelly Lam at company HQ to discuss how they're reinventing their brand – and the industry.



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With the help of this print ad for the S7 Upright Vacuum created by new AOR Lowe Roche, Miele hopes to set the benchmark for upright vacs.

How did the MCA system come about?

Jan Heck: It was inaugurated 15 years ago in Australia. A number of smaller subsidiaries have adopted it, but Miele Canada is the biggest and most well-established subsidiary to have made the conversion mid-stream. The core change is that we converted our dealers to agents, meaning that Miele holds the inventory, owns the display stock and does the transaction with the consumer and the fulfillment. It's a unique business model in the retail environment.

And a great way to differentiate yourselves from the competition.

Heck: It's a huge advantage. This model is designed to tell the consumer that they're buying direct from the manufacturer. We are a family company, and there is a Mr. Miele. The company is still 100% owned by two families, and we want to make sure our brand is protected. We have very good agents, but the only way for us to control the process is if we do it ourselves.

How do you reach out to your customers?

Kelly Lam: The majority of communication is through the telephone, although we do use demo nights where we invite them back in, and we have our home economists there to help. That personal experience is another thing we utilize to communicate with the consumer.

Heck: We are building a database, and at our orientations and demo nights we communicate new product introductions and other services. CRM, that's what it's about. Before, it was not possible because we were a typical wholesaler. So that's one advantage to opening the communication lines to the end consumer.

Lam: We mail out notices for events, and also communicate through the agents. On our website we have the Care Collection, our detergents and dishpads that consumers purchase directly from us online. That's another way we keep in touch with them.



LAURALEA MAST, SENIOR MEDIA ADVISOR, DENNEBOOM MEDIA

"I look for media partners who can get the best results for my brands—who are as determined as I am to create engaging, integrated and innovative cross platform programs that place my brand's advertising in the right context. Partners who know how to draw upon the emotions of the right audience." See how Lauralea and The Globe's Sales Team achieved "mass with class" for Grey Goose Vodka at GLOBELINK.CA/GREYGOOSE

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THE GLOBE AND MAIL 

ESSENTIAL FOR ADVERTISERS

How do you combat the perception that Miele's products are priced out of reach for many Canadians?

Lam: We are broadening our customer base by bringing in a wider range of products. So we're becoming less of a niche brand, and will have a product for almost everybody.

Heck: We like to compare ourselves with the car companies. You can buy a \$200,000 BMW, but you can also buy a 3 Series for \$35,000, which is an accessible product for a middle-class Canadian. It's the same with our lineup. We have dishwashers starting at \$1,299, but you can also buy a Miele dishwasher for \$2,500. And this is something relatively new. We had some product gaps which we have now filled, so you can furnish your kitchen entirely with Miele products. We have various price points, but all premium, and the same quality applies to all of them.

How challenging is it to sell high-end appliances in a recession?

Heck: It's probably easier. Consumers want to make sure that if they invest in a product, it's the right product, one that offers longevity, quality, features and service. Where is it manufactured? Who is doing the service? Who underwrites the extended warranty? In our case, it's us. They're taking more time to make the right decision. So a premium brand, if it has the right assortment and the right price points, can actually prevail in a difficult economic environment.

What new products are you introducing?

Heck: We just created a complete new generation of dishwashers. That's one of our core products here in Canada. We're starting to widen the spectrum in other categories, but this new dishwasher launch is very exciting for us. We're also launching new cooking products at the end of this quarter, and there will be a new line of upright canister vacuum cleaners this year.

Innovation is very important for us. Miele is not a company that has grown through acquisitions; we've predominantly grown through product innovations and new product introductions.

What was the thinking behind the coloured washing machines?

Heck: Every manufacturer is offering different colours. This is Miele's first coloured laundry machine anywhere, so if a Canadian customer buys that chocolate-brown laundry system, they will be the first in the world. Miele has never sold any other colour than white, and we selected Canada for our first coloured entry, so we are very excited about that. It's a limited edition – there will only be 1,000 pairs sold in Canada.



The MasterCool is just one of Miele's high-end fridges, which features an LED touch-system control panel.

Is it a response to your competitors selling multi-coloured appliances?

Heck: For us, colour is not the main differentiator. The differentiator is the machine itself, the quality, the features, the service. It's a trend we are following, but we focus on quality. At the end of the day it's a washing machine, and the most important thing is how we care for your clothes.

There's a wide spectrum of competitors out there, but we don't focus on one. We have an internal policy that we focus on us. We want to be the best in everything we do, and whatever the competition is doing, we stay relatively neutral to that. It comes back to our slogan, 'Immer Besser.' It's the company motto worldwide: 'Always Better.'

Lam: The prime example is that this year is our 110th anniversary for laundry, and we are still the market leader. It's our 80th anniversary for dishwashers, and we're still setting the benchmark.

How have you adapted your marketing to reflect the new model?

Lam: The strategy has changed quite a bit, because in a lot of ways we're now a retailer as much as a manufacturer. Previously we had a lot of lifestyle brand advertising, and we've moved to a more retail-oriented approach because we have to think like a retailer now, and our strategy has reflected that.

What's your strategy with the sports sponsorships?

Lam: We believe in supporting grassroots development. The League Challenge with Tennis Canada is about developing young amateur athletes, and the ski sponsorships are no different. That was the philosophy. And we felt it was a strong target group for us. It's not a typical sponsorship where it's just exposure; it's about developing up-and-coming athletes.

How did you get involved with butler training?

Lam: The Charles MacPherson Academy is the first butler academy in North America. They contacted us last year, asking if we were interested in a sponsorship involving our rotary irons [which cost \$2,500 and are operated with a foot pedal]. A household manager generally has an operating budget of \$1.4 million to run a household, and they make decisions on appliances and products. It makes sense for us, and it's very much in line with our message that we want to get across.

Has your media mix changed as well?

Lam: We work closely with our agents and invest in vehicles that work for them. When we launched the new business model in September, we didn't do TV, we mainly did a mix of radio and print. In the fourth quarter of last year we moved to outdoor as a unique opportunity, and the billboards were an

experiment that worked well. We're looking at different things. We need to differentiate ourselves at the point of sale, so we're launching a new initiative to launch our shop-in-shop concept. It's like a store within a store.

Heck: Some other companies are doing a good job of this, like Sony with its Sony galleries at stores. We are not copying that, but we want to be a freestanding individual brand outlet in a store. We have two right now in Mississauga and one in Vancouver, and we are planning to open about 25 this year.

Lam: It's a huge investment, and one we feel is really important because we need to differentiate ourselves, and point of sale plays a key role in our overall strategy.

How important is design?

Heck: Very important. The design community, including interior designers and architects, is very involved in setting up our kitchens. Good design is crucial for the success of our brand. And we're coming out with a new product called Clean Steel, as part of our new cooking line. It's stainless steel that doesn't show fingerprints.

What about design of the shop-in-shops?

Lam: As much as we can communicate with advertising and set an expectation, we need to make sure that once you walk into a store, that expectation is met. With these shop-in-shop outlets, we are involved in the flooring, the lighting, everything. It's like you're walking into a different world.

What's your online strategy?

Lam: Right now the only product you can buy on the website is the Care Collection. But the web has changed a lot for us. Prior to September, Miele.ca was very much a manufacturer's website. Today, it's very different, because as a retailer it becomes a huge piece of the shopping process for us. We know that Canadian consumers pre-shop

online. They do their homework. So everything we put up on the website now is geared toward making sure that they have all the information they need and they can go to our agent with that decision made. Like everybody else, we used to have traditional printed brochures, but because online pre-shopping is so important, we're moving toward e-brochures now.

What about buying appliances online?

Heck: It's an emotional brand, and I believe that people want to see and feel the products. It's the same thing with a car. Would you buy a car online? I would want to look at it and test drive it before I buy. Other stuff, books and CDs, I can see that. And consumables. We've seen a steady increase in our Care Collection business, which is only available online. But a major appliance? No, you want to see it.

How will you tell them about the showroom?

Lam: We will be revamping the demo nights and using that word of mouth, as well as marketing through event planning channels. And now that we know who our customers are, the communication becomes easier. We have them in a database, so it's easy to have contact.

What's the response been to the MCA system?

Heck: It's been very positive. The fact that there's someone who actually picks up the phone and they're here in Canada...it's not like other situations, where you have to be referred to the manufacturer or a third-party maintenance or service company and they don't have the part and you get the runaround. There's the big difference. But it's a big responsibility. We cannot pass the buck. If we don't place or ship the order properly, if we don't show up on time, whatever can go wrong, we have to take full responsibility. Because the transaction is between you and us.

That's the fundamental business change, and it's absolutely unique. People like that because we're accountable.

How have the retailers responded to it?

Heck: This industry has at times been very stagnant, and when we approached our existing channels there was a lot of skepticism. But we've proven that it can work, and we are getting more positive feedback from the trade, which is encouraging, because nine months ago the reaction was, 'You will never pull this off.' Now it's, 'I can't believe this works.'

This was the biggest transition in the history of our company in Canada, so it was a major accomplishment. And to top it off, we just came second in the Top 50 Best Small and Medium Employers in Canada, according to Queen's School of Business. So our morale is very high. We had to sell the business model not just externally but internally as well. And the people who work for us believe this is the right model for Miele to grow.

Lam: It's a great thing, but it means all of us in this building knowing that we have a responsibility to the consumer.

And that includes the CEO being available on Christmas Eve?

Heck: That's the perfect story. My wife called to tell me this lady had called me at home. I called her, and we were able to have one of our technicians work overtime. We went to our warehouse, and because we didn't want to take a chance and guess what could be wrong, we just grabbed a brand new cooktop. We went to her house, we exchanged it and she was able to cook her Christmas dinner.

That was only possible because it was our service technician and our warehouse operated by our people. It gives us shorter communication lines, shorter reaction times and more control. But it's also costly. It's a big infrastructure, but we're investing in the brand. And I'm sure this lady told the story to numerous friends and family members – and that word of mouth is the most valuable advertising you can have. ■



Laas Turnbull, Publisher of *strategy*, *stimulant* and *Media in Canada*, and EVP of **Brunico Canadian Enterprises**, is pleased to announce that **Carrie Gillis** has been promoted to Associate Publisher of all three brands.

In her new role, Carrie will continue to drive advertising and sponsorship sales, while being actively involved in business development and brand planning. Fully bilingual (English–French), she brings with her over seven years of sales experience including international sales with **Tele Images** in Paris, and with **CBC International Sales** in Toronto. Carrie has also worked as marketing manager at the **Toronto Humane Society**.

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OUTSTANDING NEW CAMPAIGNS



KIA INCITES VEHICULAR VOYEURISM

Staring might be rude, but when a parked car piques our curiosity we often indulge in voyeurism at the risk of being caught red-faced by its owner. This is the insight employed in Kia Canada's bilingual "Peer into a Soul" campaign, promoting its new model, the Soul.

Developed by Toronto-based Publicis Canada, the effort, targeting a hip young demo, launched with three unbranded 15-second TV executions teasing to peerintoasoul.ca and jemevoisdanslasoul.ca. The teasers featured unsettling close-ups of people staring straight into the camera.

Three 30-second ads, launched on Feb. 9, reveal that the characters are peering into the window of a Kia Soul. Each spot plays off a film genre, from slasher to buddy flicks. The goal, says Publicis CD and campaign co-creator Pat Pirisi, was to provoke viral interest and set Kia apart from its competitors. "We're challenging the archetypal notion of what a car ad should be," explains Pirisi. "These ads really allow the viewer to participate in the storytelling."

Kia's path-less-taken effort includes leveraging 24, linking the teaser ads to the TV show content on mobile phones. On air, 24 viewers are challenged to enter a spy-themed video game at winyoursoul.ca, with a chance to capture their own Soul.

Print ads, dealership POS and special events are also woven into the campaign. Contest-themed OOH, online, radio and TV ads in Quebec will lead up to a Soul giveaway during a Britney Spears concert at the Bell Centre in Montreal on March 20.

BY JONATHAN PAUL



advertiser: **Kia Canada**
agency: **Publicis, Toronto**
ECD: **Duncan Bruce**
ACD/AD: **Gary Holme**
CD/writer: **Pat Pirisi**
producer: **Dale Harrison**
VP/brand director: **Tony Ciccio**
account supervisor: **Dan Clark**
director: **Mark Gilbert**
prodco: **Untitled Films, Toronto**
executive producer: **Peter Davis**
line producer: **Sean Cooley**
DOP: **Robert Yeoman**

production designer: **Stephen Sumney**
AD: **Gus Black**
editorial: **Mick Griffin, Rooster Post Production, Toronto**
producer: **Melissa Kahn**
music and sound design: **RMW, Toronto**
composers: **Guido Luciani, Mark Rajakovic**
sound designer: **Paul Sealy**
RMW music producer: **Ted Rosnick**



NATIONAL BANK PRODUCES DREAMS

Dare to dream. That's what Montreal-based National Bank Financial Group's rebrand conveys. The new "And Action!" effort, developed by BOS Montreal, plays with the notion of consumers filming their realized aspirations, drawing on the popularity of Youtube fare. And while the new platform acts as a call to action for consumers – recognizing that they sit in the director's chair when it comes to achieving their dreams – National reminds them that they're there to help.

"For me, it's really an extension of our former platform, which was 'We can help you,'" says Alison Marks, manager, promotion and publicity at National Bank. "This is taking things a little bit further, visualizing for people what they're going to do, and how we're there as the producer of their dream."

"And Action!" debuted with an RRSP campaign and will be the backbone of promotions for other products – like mortgages, insurance and MasterCard – going forward. It aims to build the National Bank brand, particularly in its home base of Quebec, but also in the Maritimes and Ontario.

The rebrand follows a consolidation of National Bank's various arms in 2008, providing the newly minted financial group the opportunity to harmonize its messaging. "Rather than having five or six voices of National Bank speaking simultaneously, we're going to have one voice that talks about how we can help you get where you want to go," says Marks. **JP**

advertiser: **Sylvie Roy, Alison Marks, Stephanie Plessis-Belair, Frederic Otis, National Bank Financial Group**
agency: **BOS**
CD: **Hugo Leger**
AD: **Simon Beaudry**
writer: **Martin Bernier**
planning & account services: **Sonya Bacon, Marylene Benoit**

media: **Pascale Boulanger, Julie-Jasmine Boudreau**
prodco: **Jet Films**
directors: **Francois Peloquin, Mathieu Charland, Jonathan Bensimon**
producers: **Martin Henri, Visant Le Guennec**
music: **Apollo, Etienne Gaudreau**
photos: **Shoot Studio**
photographer: **Pierre Manning**
prints production: **Graphiques M&H**

LAY'S CALLS ON LOCAL SPUDS

Start with 100% Canadian potatoes, add a 100% Canadian potato farmer, and what do you get? The "Simply Made. Simply Good." campaign for Lay's chips. Sounds easy enough, but Frito Lay and BBDO Toronto dug deep to reach the heart of the Lay's brand – the potato.

To tickle the viewer's funny bone, ads depict a Lay's potato farmer, Joe, conducting a call-in show. Local callers seek advice on car repair, gardening and gifting as Joe brims with pride. He merrily ignores their queries, choosing to boast about Lay's Canadian potato content instead.

Localized radio – not emphasized in previous Lay's campaigns – was used to cultivate a community connection and augment the messages in TV spots, online and in-store promotions.

Creative insight was gained from speaking directly with consumers, explains Tony Matta, VP marketing at Frito Lay Canada. "The potatoes that we use are grown in communities that you live in," says Matta, describing how Lay's strives to appeal to smaller cities and towns.

Connecting locally with a national campaign is a formidable goal, but as Matta explains, "By talking about 100% Canadian potatoes in a unique, fun and charming way, we are able to talk in a very local language. We wanted to get back to what the product was all about. It's about the potato."

The campaign began with three TV spots aired during the Super Bowl, and continues until late April. Media buys were completed by OMD Canada. **TW**



advertiser: **Tony Matta, VP marketing, Frito Lay Canada**
agency: **BBDO Toronto**
ECD: **Ian Mackellar**
CDs: **Peter Ignazi, Carlos Moreno**
AD: **Carlos Moreno**
copywriter: **Peter Ignazi**
agency producer: **Megan Flett**
prodco: **Sons and Daughters, Toronto**
director: **David Hicks**

executive producers: **Dan Ford, Liane Thomas**
DPs: **J. Cliff, Chris Mably**
editor: **Gord Koch**
colourist: **Notch**
online editor: **Steve Coulter, The Juggernaut**
audio: **Ricochet**
audio producer/sound engineer: **Sonny Keyes**
account management: **Cheryl Gosling, Charmaine Ho**

You are cordially invited to submit your new, dead clever and previously unrevealed campaigns to editorial director Mary Maddever at mmaddever@brunico.com and CD Stephen Stanley at sstanley@brunico.com, co-curators of *strategy's* Creative space.

3 PENNY-PINCHING IDEAS

BY JONATHAN PAUL

These dark days have words like “cost” and “cutting” on the lips of many. To abet the ongoing quest for frugality, we asked some experts to share their top tech-enabled cost saving ideas.



SOCIAL MEDIA: Pennywise prevents pound foolish

Conventional media can be costly, and when marketers are short on resources, social media can provide a low-cost and effective alternative, as well as a quick reality check. The ability to monitor web-based conversations in real time can help pinpoint optimal immediate resource deployment. Annette Warring, COO of Toronto-based Genesis Vizeum, notes that the deeper insights that result are critical given their ability to improve the effectiveness of marketing initiatives and their ROI.

“Such insights can ensure dollars are allocated against the right target, can extend awareness and help build brand affinity through blogs,” explains Warring. “Most importantly, they provide the opportunity to refine and optimize initiatives based on real-time insights from consumers.”



PROPRIETARY TOOLS: If you automate it, efficiencies will come

Ad agencies can help when the piggybank shrinks by streamlining processes to free up time and ultimately increase cost efficiency. Aldo Cundari, chairman and CEO of Cundari Group, sites AdBuilder as a proprietary product that does just that. It's a web browser-based tool that provides templates for creating and managing print, online and POS ads for local retailers

— just one of a suite of applications that the company has in its arsenal to white label for its clients.

“Combined with a managed asset system, [AdBuilder] has simplified the retailer's ad creation process, as well as eliminated common errors associated with the broad range of typical retailer ad development,” says Cundari.



ONLINE VIDEO ADS: Now with real actors!

Online video represents 10% of all online ad revenue in the United States, whereas in Canada it accounts for less than 1%. We know there's an audience out there, and that the real estate is less pricey than conventional spot hoods. So, what gives? In large part, the lag was due to substantial talent costs that proved prohibitive to Canadian advertisers, who instead made do with static ads with little, if any, animation. Now that the performer fees have an online-friendly scale, Ron Lund, president of the Association of Canadian Advertisers (ACA) believes that the potential of online video in Canada is soon to be unleashed.

“The ACA, together with the ICA (Institute of Communication Agencies), has negotiated a new two-year pilot project with the performers' union ACTRA, which includes very reasonable talent fee rates for ‘made-for’ online video spots,” says Lund. “Watch for real, live, warm-bodied, emoting persons coming soon to an online ad near you.”





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GETTING CADBURY MORE FACE TIME

Lesya Lysyj keeps the competition on their toes with a cheeky gum campaign, a delicious fashion show and a big PR splash

BY EMILY WEXLER



Bio

Born: Toronto, Ont., Mar. 5, 1963

Education: Undergrad at Western and MBA at University of Toronto

Based in: New Jersey

Career: After university, spent four years at Toronto-based Shulton where she worked on Old Spice and Pinesol (which were later sold to P&G and Clorox, respectively). She then came to Cadbury as brand manager for Welch's and worked in beverages for the next 14 years, first in Toronto then New Jersey. In 1996 she moved to the U.K., and spent two years at the Cadbury HQ where she launched a new brand called Oasis Revitalizer in three months. She switched over to confectionery and moved back to Toronto for three years, but then back to New Jersey at the beginning of 2007.

"There's chocolate and gum everywhere!" says Lesya Lysyj, VP marketing at Cadbury North America, when asked what she likes about working in the candy biz. It's hard not to imagine her office as something akin to Willy Wonka's factory. But in addition to steely self-control, over her 20 years at Cadbury Lysyj has learned the secret marketing formula to finding candy lovers' sweet spot. "You have to really work hard to get the strategy right," she says, "but once you get that, then you just need to have a lot of fun with it. We're in categories that demand fun." The right combination of both ingredients saw this Canadian expat branch out and develop distinctive campaigns that have seen models wearing chocolate, street teams swarming unsuspecting office workers and a website that kicks you off if you linger too long.

Lysyj has been based in Parsippany, N.J. for the last two years, where she oversees all marketing for Cadbury North America's Canadian and U.S. business, which produces chocolate, candy, cough and gum brands such as Caramilk, Dentyne, Trident, Halls and Maynards. Lysyj heads up a team of 50, 20 of whom are based in Toronto. Chocolate and candy brands have their own Canadian

marketing teams (those categories are exclusive to Canada) while the Halls and gum teams work with their U.S. counterparts.

"There's no doubt that there are challenges to running two marketing organizations from the U.S., but I have an advantage in that I led our Canadian [team] for three years,"

I just think a lot of marketers underestimate the power of PR

Lysyj says. "There is lots of travel, phone calls and video conferences which keep us all connected." Another way Lysyj keeps the groups linked is through a marketing conference she started two years ago whereby the teams from New Jersey and Toronto meet each other halfway. "That's a way of overcoming the distance because you get to meet your colleagues from across the border – the ones you may not work with as frequently – and develop interpersonal relationships," says Ian Mills, director for gum in Canada.



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Above: delicious designs are walked down the runway at the Chocolate Couture Fashion Show.

Below right: a winner claims his prize at the Trident Splash National Cannonball Championship.

Besides keeping things cohesive across borders, Lysyj says that one of the biggest challenges of her job is the fierce competition for attention in the candy aisle. While Lysyj counts on her Canadian team to gauge the market here to a certain extent, it helps that the main competitors are the same in the U.S. “They operate on more of a North American basis as well,” explains Mills, “so one market can telegraph what’s going to happen in another.” To stand out from the crowd in both markets, Lysyj and her team have had to think outside the box. “We’re constantly trying to raise the bar and come up with new and more innovative things,” she says.

Realizing it was time to raise the bar for Dentyne, Cadbury launched “Face Time” last September, developed for both the U.S. and Canada. The campaign was a big departure from the typical “boy/girl” ads, with various romantic situations. “That strategy was getting a little bit tired and competitors had come into that territory as well,” explains Lysyj. “We felt like we needed to take it to the next level.”

Lysyj and her team decided to find a “high-level cultural truth” relevant to gum. They turned to technology and realized that communication was key. Their conclusion was, “the digital race is no substitute for the human race.” This was the idea they brought to McLaren McCann, who came back with a concept featuring people getting real face time with each other (for which you need fresh breath, of course) and playing on the typical cyberworld lingo. “When they presented this campaign, I just wanted to stand up and applaud,” says Lysyj.

They pushed the “Face Time” message with TV and OOH, as well as a website with a twist – it shuts down after three minutes. “We thought, how do you do a website when your whole strategy is that you need to get more face-to-face?” says Lysyj. While it’s still early to gage results, the campaign has generated lots of buzz from consumers, blogs and media.

When it came to revitalizing their chocolate image, Lysyj and her team decided it was time to branch out. To get the attention of stylish women, they decided to bring together two things women love, chocolate and fashion, with a media event – the Chocolate Couture Fashion Show in Toronto. “[Before the event] Cadbury was liked and respected, but not loved and probably a bit dated,” says Lysyj. “So our real objective was to emotionally connect with a younger audience and we felt like this was a great way to do it.”

The event, exclusive to Toronto and developed with Cadbury’s PR agency Strategic Objectives, invites prominent Canadian fashion designers to create an outfit using real chocolate with the help of a “chocolate artist.” It was a hit, so it became an annual event, and is growing each year. This year, they opened it up to 100 consumers for the first time through radio contests across the GTA and increased media buzz with 44 million impressions and 92 stories (up from 31 in 2007).

Trading statuesque models for large men in swim trunks, the Trident Splash National Cannonball Championship is another uniquely Canadian event. Splash came on the market in 2004 as the first center-filled pellet gum, and Cadbury wanted to, well, make a big splash. To launch the new product line, they worked with Strategic Objectives and Toronto-based experiential agency Boom! Marketing to develop a fun summer event that would attract the crowds. Up for grabs were \$2,000 and, of course, bragging rights.

“We started out fairly limited and it’s just grown year after year,” says Lysyj. Starting in 2005 in Toronto with nine media outlets covering it, the event has grown to include four cities in 2008 (Toronto, Vancouver, Calgary and Montreal) with nearly 1,000 spectators and 132.4 million audience impressions.

“I just think a lot of marketers underestimate the power of PR,” says Lysyj. While she says starting these annual events around the same time wasn’t a conscious decision, they’ve become an important part of the marketing mix.

“Obviously she knows her category,” says Randy Stein, creative partner at Grip,



Cadbury’s agency for the candy business. Stein worked with Lysyj on a 2007 candy rebranding that saw Swedish Berries and Fuzzy Peaches join Wine Gums under the Maynards name. An ad campaign followed which included a TV spot featuring the infectious song “Rollercoaster” by Major Maker (which became a summer hit thanks to the spots) and a woman skipping down the street accompanied by exponential clones of herself. Stein credits Lysyj with keeping the transition to one brand a smooth one. “She’s confident and she knows

FIVE QUESTIONS

What is your favourite kind of chocolate?

Caramilk.

What is the most important lesson you’ve learned in your career?

Be a great listener. It’s amazing where great ideas and solutions can come from.

What do you do in your spare time?

I have a five year old and an eight month old, so it’s playing with trains and giving baths.

What luxury item can you not live without?

My 40 pairs of shoes.

What do you miss most about living in Canada?

Real winters and free babysitting.



from her gut, from her experience, what the right thing to do is," he says. "She has a sense of what the consumer is going to say and what the right message should be."

Most recently, Lysyj and her team got experiential with Halls. Working with Strategic Objectives and the Toronto branch of Texas-based Mosaic, the "Halls Helps Now" campaign revolves around a microsite, hallshelpsnow.ca. Those living in Toronto, Montreal, Calgary or Vancouver could sign up a sick co-worker who will then get a visit from the "Halls Response Team," equipped with goods needed to combat a cold – all in an effort to target the nine-to-five set who can't afford to get sick.

"When they show up, the entire office is abuzz with it because it's just so bizarre," says Lysyj. "It's basically 10 minutes, they run in, they swarm around the sick person and they leave." The microsite, which was promoted in-store and by street teams, also had games, quizzes, facts about colds and a contest to win maid, chef or handyman services. The campaign, which, according to Lysyj, has spread mostly through word of mouth, began at the onset of the flu season on Nov. 3 and ran until the end of February.

Despite the struggling economy, Cadbury's revenues have remained robust, in large part due to the resilience of the category. Lysyj says she takes comfort in working on a category that makes people happy. "Right now, during these very tough economic times, people still buy chocolate and candy and gum," she says. "They're small indulgences but they can really make your day." And while competition is tough, Lysyj's M.O. for keeping her cross-border crew in sync and cultivating new experiential tactics continues to build on Cadbury's 185-year history of success via out-strategizing competitors. "It's so great to see someone of her talent and with her disposition rise to the top," says Stein, "and, you know, it's a bonus that she's a Canadian." ■

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FIVE EXPERTS WEIGH IN ON WHAT'S WORKING, WHAT ISN'T AND WHERE FLYERS ARE GOING



All the hype about the imminent shift to a paperless world has left more than a few members of the flyer industry frazzled. But, fear not. We asked five experts to share their thoughts on the medium, and the overwhelming consensus is that flyers as we know them aren't going anywhere anytime soon. There are a lot of missed opportunities, though, so you'd best read on to make sure you're getting the most out of your flyer spend.

Our panel includes: Chris Styan, marketing director at M&M Meat Shops; Steve Acland, chair of RAC Canada's Flyer Symposium Committee; Cathy Whelan Molloy of CWM Marketing & Consumer Insights (Cathy was with Tim Hortons for 14 years, the last seven of which she was VP, Brand Marketing and Merchandising. In 2007, she left to join Loblaws as EVP, Marketing. Cathy has since started her own strategic marketing solutions and consumer research company); Tom Andrew, chair of the Flyer Distribution Standards Association; and Leo O'Donnell, customer marketing team leader at Unilever Canada.

STATE OF THE UNION

Styan: Flyers have always been the black sheep of the advertising industry. It would be rare to find an ad agency in downtown Toronto that says, 'folks, we recommend a campaign of flyers.' But the reality is that flyers work fantastically. I've been with M&M for 20 years, and flyers have essentially been the driving force for our company over that time.

Acland: Flyers are the most effective advertising medium for retailers. I believe that will remain a fact for years to come, but how flyers are used will continue to evolve. Traditionally, flyers have been considered a mass medium. The idea was distribute more to get more footsteps and therefore more sales. While the ability of flyers to provide consistent promotional messaging focused on product and price still holds true, the notion that your flyer should go to every single neighborhood is outdated. With the development of more sophisticated research and analytic tools, advertisers are starting to realize that the concept of sending the same flyer to every household in the country doesn't work and there is a point of diminishing returns.

Whelan-Molloy: Even though it's not always viewed as the sexiest form of advertising, I still think flyers are one of the most effective ways for retailers to advertise specifically to increase store traffic. They target those who are seeking to buy, because they are looking for that information.

Andrew: Flyers provide an opportunity to get inside the customer's home, right onto the kitchen or coffee table. Tied in with radio and television branding, the flyer provides the detail of just what is happening at the store, showing the theme of the event which flows from flyer right through to the selling floor. Flyers typically arrive the same day of the week, encouraging a consumers habit to start to plan their shopping experience, this has always been a tradition, and will continue to be for quite some time in the future.

O'Donnell: In today's current environment, flyers play an important role not only to communicate value that the retailers are offering, but also to draw traffic into the stores. Today, we know that trips are down, shopping baskets are up. People are making more conscious choices, they're combining trips, they're looking for value and they're looking for meal solutions that address that economic concern as they're focused on making more meals in-home. Consumers are in general planning their shopping more than they have in the past, so flyers are an even more important marketing vehicle.

ALEX MEDIA SERVICES



Lobby Rack

Alex Media Services is going to be busy in 2009, with plans to roll out an array of new products and expand its presence across Quebec. It was recently acquired by Quebecor Media, enabling it to offer clients access to more multiplatform promotion opportunities.

One of its new products is a display rack for apartment buildings that will leverage Alex Media's proprietary MapTrack™ technology, which allows marketers to target efficiently. "Clients can generate interactive reports about the type of consumer that lives in each building," explains Benoit Dessureault, president of Alex Media, adding that this is just one example of how MapTrack™ technology

continues to improve and expand its applications. "MapTrack™ has been time-tested, and provides a vigorous monitoring system. It puts the client in the driver's seat."

Alex Media will also debut a four-page broadsheet jacket featuring content from Quebecor this year. The weekly jacket will include news and how-to items relevant to homeowners like decorating and renovating tips. "This provides an added value to the advertisers," says Dessureault. "We're creating a prolonged life for the flyers by encasing them in valuable, relevant content."

Clearly, Alex Media knows how to satisfy its customers. As Dessureault points out, "The reason why most clients we started out with 5 years ago are still with us today is that we put their brand up front, not ours."

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THE CURRENT ECONOMY: CHALLENGES AND OPPORTUNITIES

Styan: We're definitely in a far more tactical promotion world that we've ever been in. With the current economy, people are concerned with dollars and cents and we need to be able to deliver high-value. It has to be displayed in our flyers.

Acland: Consumers are more value-driven now than ever, so retailers are under pressure to communicate how they will bring value to consumers in a challenging economy. We're seeing a lot of advertising to communicate major savings on key products geared to get people into the stores. Flyers are central to this messaging, but you see it in ROP and on TV as well. The slower the economy gets the more people will plan their shopping with flyers. At the same time, advertisers may feel pressure to reduce costs. Success this year will come from having the tools in place to understand where you should spend more and where you should spend less.

O'Donnell: Obviously we're going through some tough economic times which are forcing shoppers and consumers to re-appraise their spending. As a result, what we're seeing is that the shoppers and consumers are planning ahead more with their weekly meals. They're also eating in more to save money. What they're looking for as they go through their flyers is for retailers to provide them with solutions to that. Not only just based on price, but also on what the easy meal solutions for the week are.

GEOMEDIA



Steve Acland, President, Geomedia

Geomedia has been helping Canada's leading retailers optimize their flyers for 16 years. Geomedia maximizes targeting and media management to drive advertising effectiveness for flyer, ROP, outdoor, magazine, DM, and online programs.

Geomedia's tips for flyer advertisers in a challenging economy:

1. Conduct targeting analysis.
 - Don't miss key neighbourhoods.
 - Eliminate areas with no ROI.
2. Control your flyer media investment.
 - A third-party review of your flyers can ensure that there are no discrepancies in the booking numbers and that duplication between media partners is eliminated.
 - Specialized flyer media procurement systems create cost savings and operating efficiencies.
3. Reallocate ad spend saved from your flyers to other media.
 - Use online newspaper properties or online flyer aggregator sites.
 - Consider broadcast email.
 - Don't overlook direct mail
4. Track everything.
 - Sales tracking at the lowest possible geographic level is essential.
 - Dashboard metrics, as they relate to advertising, monitor your business and allow you to react when necessary.

If managed by the experts, these tips can drive sales and create cost efficiencies.

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TARGETING MORE EFFICIENTLY

Styan: Retailers that have focused on the discipline of targeting and distribution and making sure that the planning and strategy and cost containment is there end up getting the reward that they deserve from these types of mediums. There's a real specialty to it.

Acland: A greater number of major multi-category national flyer advertisers, who were previously blanketing every neighborhood in the country, are now beginning to turn their programs into more targeted ones and make the flyer spend as efficient as possible. If you can get a better ROI and reduce your ad spend while ensuring that it's not affecting sales; that's obviously something that's going to be desirable. That's where specialized companies come into play, bringing in more sophisticated targeting methodologies, more tracking and ROI measurement mechanisms in order to look at where the flyer is and isn't being effective.

Andrew: Targeting technology has gotten a lot better over the past years. Instead of doing a shotgun approach by blanketing the whole city with flyers, it pays to know where your good customers are, and to talk to them. Retailers want to do more precise targeting, so they can improve the ROI of the media. As the population grows, with its different attributes in responding to media, flyer distribution becomes more costly, and makes no sense to blanket anymore. There are areas in any community that will respond to flyer marketing better than others. The best way to find out, is study the demographics of the market and to target to only those who will respond to your product and flyer marketing.

As I mentioned earlier... targeting ability is there... it is best to use it.

CULTURE-SPECIFIC MARKETING

Styan: We've done a little bit of culture-specific marketing, mostly with ROP advertising in specialty papers. The thing is that with M & M, we have about 400 products. And we don't change our product lineup based on location. We've conducted a lot of research that has been culturally based and we find that various cultural groups find what we sell as being relevant. So therefore that leaves us to say we shouldn't necessarily repackage what we do. We need to be aware of the neighborhoods that we're in and work to meet that neighborhood's needs, but that doesn't mean we've been changing our advertising dramatically.

Acland: We're seeing more culture-specific marketing as ethnic groups now represent some of our most important segments. The geographic clustering of some ethnic groups allows retailers to merchandise and market differently for stores where a particular group is clustered. But it is important to note that this shift is not only to advertise directly to specific cultural groups it is really about using advanced tools and geo-demographic data to communicate directly with any consumer group — From a particular ethnic group to soccer moms in Barrie. The point is communicating to a consumer group about products that are important to them in a way that will reach them.

Whelan-Molloy: I think people really do want to be spoken to with unique products. They seek out that information, so retailers that speak to different ethnic groups in a unique way will wind up with loyal customers.

O'Donnell: We've done an Asian study with Wal-Mart where we participated in their themed events around targeting Chinese New Year and the like. The reality is that the population is changing in a big way, and it's becoming more and more diverse. Minorities are getting a bigger piece of the pie, and they have more of a share of voice when it comes to the wallet. You can see retailers starting to make concentrated efforts where they have stores in communities that replicate what the dominant ethnicity is. If it's in an area with a lot of South East Asians, they'll have a lot of dedicated products towards that.

PUBLISAC.CA

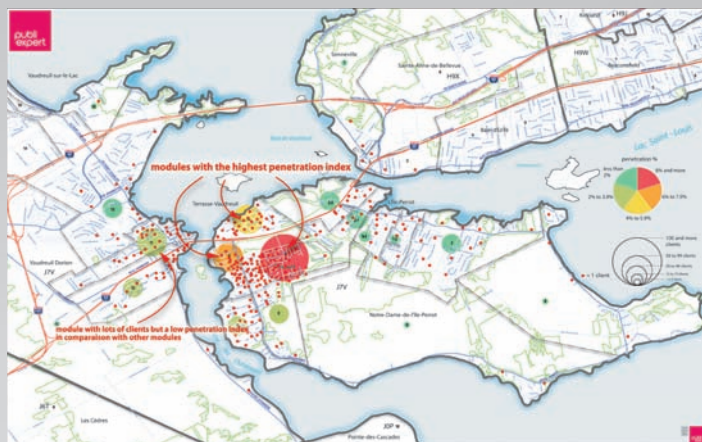


Publisac.ca is undergoing a major facelift

This year marks the highly anticipated re-launch of Transcontinental's Publisac.ca, the online retail promotional portal destination for consumers. It will enable consumers to search for deals and rebates by product or category, potentially across the full range of retailers and outlets that choose Transcontinental for retail advertising solutions.

Publisac.ca will leverage high-value content from selected magazines and community newspapers to help consumers to streamline their planning, assist with purchasing decisions and offer shopping suggestions and savings opportunities tailored specifically to their local requirements. Retailers can maximize their investment in print flyer programs by reaching their desired audience with the most relevant information.

Transcontinental is well-known by retailers for its national network of print production and distribution capabilities. Its state-of-the-art flyer production network has been consistently upgraded for quality and efficiency. Transcontinental offers flexible and high-impact flyer formats that get noticed. Transcontinental's Publisac and Canadian Media Network divisions have twenty years of extensive experience working with geographic and socio-demographic data. As a result, they deliver sophisticated distribution solutions that are mapped to ideal household profiles.



Customer's origin analysis

"Don't know how to distribute flyers all over Canada?"



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CANADIAN MEDIA NETWORK

CREATIVE TRENDS

Styan: We're careful to ensure that our flyers have a consistency to them so they're recognized. I think the mark of a good flyer is that the customer can recognize it even from a distance. If you change it up so much each time that the customer can't recognize it, then you've lost them. Conversely, I think those that aren't regular flyer distributors can come out and break through with very innovative executions.

Acland: One creative trend is that while flyers used to be just about product and price, they are now also being used as a branding tool. Another key change is that more retailers are recognizing that one broad flyer going to every household doesn't always make sense. Creative that targets a specific category and consumer segment is far more effective. So you're seeing advertisers create print pieces focused on one category and then targeting the consumer group that is most likely to shop that category by using the various geo-demographic data resources that are available.

Whelan-Molloy: Target in the states does a really good job with its flyers. They often have a theme on the front page. For example, they'll have a photo of a couple on the couch having a "movie night" at home. She's maybe wiping away a tear, so he's got a box of Kleenex on his lap that's on sale; she's got a bowl of Orville Redenbacher popcorn, on sale, and the DVD is listed below. It really draws you in. The rest of the flyer is pretty traditional. It's going out of the box a little bit. I don't see that a lot in Canada yet. The more relevant they are the better flyer advertising will be as opposed to just showing a shot of a product and a price point. When you see a roast sitting on the table with items around it and a recipe, all of that dials up relevancy. People want to know the better way to use things and more information. I think that's a real opportunity creatively.

Andrew: Simple is better. Having less messaging on the page makes it easier to read and easier for the customer to respond to. If the page is cluttered, there's less retention in the customers' mind.

O'Donnell: I think there's more of a trend towards product and meal ideas and meal solutions versus just showing 20 boxes on a page with random products. It's about providing a context for the products. We figure out how to bundle our products together in a relevant way. You'll see not only Unilever doing it, but also Kraft with, for example, a cheese and cracker promotion. It's not like you're going to put a shampoo with dog food. There is a lot of thought put behind that.



THE FUTURE OF FLYERS

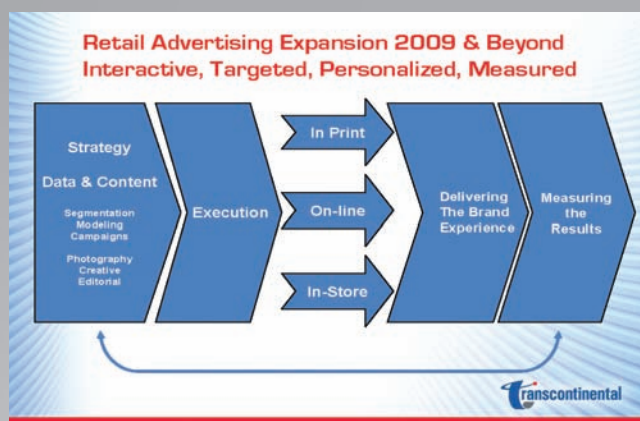
CHANGING CONSUMER BEHAVIOURS AND EXPECTATIONS

Styan: At this stage, customers definitely prefer a traditional flyer over the e-flyer. I think that's changing over time, there's a younger market right now whose media habits have really changed. Paper is not as important to them as to their parents, whether for newspapers or flyers. Even television is less important to this demographic. I think that there's an evolving chain happening in media, but still for the largest target for the majority of retailers, paper flyers are still the number-one advertising tool.

Whelan-Molloy: Consumers are much more environmentally conscious, and they're looking for instant data. It's an era of instant information. I think people will want to know what's on special as they're walking into the store. If you're a retailer with great CRM data, start sending things to people that you know they would be interested in. To be that targeted would be really smart, and completely doable.

Andrew: Younger customers really want the information when they want it. They don't necessarily want to be brow-beaten with all of the information all at once, but when they feel that they need to go shopping, they want the information at their hands on demand. That ability is there with the age of the internet. They can pick and choose what companies they want to communicate to them electronically as opposed to having all companies communicate to them. That's where retailers need to be cognizant and try to build their email database up as best they can.

TRANSCONTINENTAL



Transcontinental leverages a powerful and unparalleled suite of capabilities to support the retail industry's marketing strategies. Its customer-centric approach extends beyond its leading print and distribution capabilities.

Transcontinental produces creative content (including images, copy and layouts) that is aligned with the retailer's key marketing objectives. Content is managed through Transcontinental's suite of custom-developed technologies to produce campaigns, programs and individual publications. This content drives page production in printed flyers, direct marketing and in-store promotion while also automatically feeding targeted email marketing and online and mobile flyer editions deployed with geographical accuracy.

The Transcontinental solution enables retailers to reach the broadest consumer base through multiple channels with a highly targeted and comprehensive message, and ultimately acquire new customers, drive store traffic and encourage favourable shopping behaviour.

Transcontinental helps retailers extract key insights with data analytics for optimal ROI. Retailers can then gauge and improve consumer purchasing by better understanding their interests and product affinities. Retailers can achieve maximum ROI by simplifying and enhancing their marketing strategies and execution, and leveraging the proven formula of the flyer production process.



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GOING GREEN

Styan: Green is not something new. I think that you're finding an industry right now that is continually working towards becoming more eco-friendly. It's about working with recycled stock, recycled paper and so forth. The more that we move towards e-flyers, it does open up the opportunity of being able to use less paper. We respond to our customers, and our customers tell us how they want to be communicated to, and that's basically what we do.

Acland: Targeting has allowed retailers to take a great deal of the waste out of flyers. Using the right methods, advertisers can now reduce their flyer quantities significantly without impacting sales. There is also more usage of recycled paper and many of the non-newspaper distributors of flyers are switching to biodegradable bags to package their flyers. The industry is headed in the right direction. Is everybody there yet? No. Are some making a difference? Absolutely.

Whelan-Molloy: Better usage of in-store digital signage could be a real opportunity to remove some of the need for printed POP materials. Signs at the end of the aisles could indicate electronically what's on sale so you don't have to carry the flyer around with you. I know they're testing this in the UK, digital signage that highlights specials in the aisles for you as you walk by. I think that's a huge, huge opportunity, and will eliminate some waste as consumers won't have to carry flyers around the stores anymore.

Andrew: I have seen flyers shrink in size recently. It's in line with what newspapers are doing, in terms of shrinking their size as well by trying to green up. With the ability to target, the move toward smaller flyers, being sure that recycled paper is used, working with the printer to be sure ink is environmentally friendly, we can all share in the responsibility to sustain the environment.

O'Donnell: People are becoming more and more savvy on using recyclable bags. From my perspective, potentially, I think if we can reduce plastic bag use, over time flyers will be subject to the same scrutiny. What that looks like and when we do that, I'm not quite sure.

CANWEST



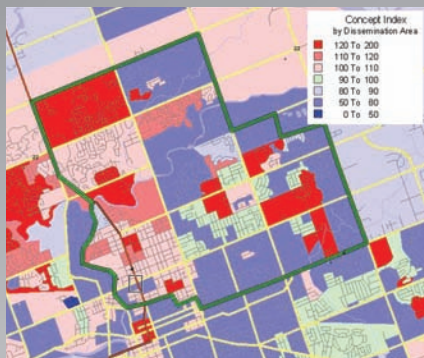
Prepared by Canwest 2009

Canwest Publishing represents over 100 daily and weekly newspapers across Canada

Canwest represents over 100 daily and weekly newspapers and distribution products across Canada. Canwest's daily newspapers reach over 5.3 million consumers weekly. As the demand for targeted insert distribution continues to grow in Canada, Canwest has developed industry leading products and services to ensure this channel of print advertising continues to provide advertisers the highest return for their investment. This includes Distribution Targeting/Management supported with mapping, and Specialty Distribution products. Canwest will develop customized database-marketing programs to optimize advertising strategies and distribution plans to suit the diverse needs of each client. The results are used to build targeted advertising strategies and distribution plans from initial concepts right through to final billing, reporting and implementation.

Most recently, Canwest joined into an exclusive partnership with "Shoplocal" offering advertisers an effective print to web solution that leverages the advertiser's print assets in an online and interactive experience to attract more customers and generate sales. "Smart Flyer" has the ability to distribute the flyer message through other media channels such as mobile, widgets, search engine marketing and banner ads. Canwest believes this partnership and leading-edge technology will position them extremely well in the ever changing and growing distribution business.

PITNEY BOWES BUSINESS INSIGHT



STRATEGIC TARGETING WITH PITNEY BOWES BUSINESS INSIGHT INCREASES ROI

If your "spray and pray" flyer tactics aren't working as well as you, well, prayed for, it may be time to re-evaluate and become more targeted.

Pitney Bowes Business Insight has a variety of proprietary targeting and

predictive analytics tools that can improve store traffic. Instead of blanketing the neighborhoods close to one of your locations, for example, Pitney Bowes Business Insight can identify groups with a higher propensity to spend more, helping you achieve higher sales while reducing the number of flyers you send out. "We know the total sales potential of any neighborhood," says Paul Thompson, senior manager, Client Services at Pitney Bowes Business Insight.

Pitney Bowes can also analyze your data to help you offer the most relevant messaging. For example, instead of sending out the same one-size-fits-all flyer to everyone, a large multi-category retailer can create four smaller versions based on customer preferences, like a fashion-oriented flyer for one segment and a home improvement version for another. "We help ensure you deliver the right message, to the right client at the right time, creating more efficient and targeted campaigns," says Sam Coiro, account executive at Pitney Bowes Business Insight.

NAVIGATING ONLINE BEST PRACTICES

Styan: We've put a lot of effort into making sure that the emails and the flyers going out are relevant to our customer, largely in response to a changing consumer. We put a lot of research into it. It's important for us to move at the pace of technology. Particularly in some of the remote areas in Canada, high-speed internet access is becoming more prevalent. We make sure that people aren't frustrated by massive files that take forever to download. Traditional print flyers are still the #1 communications force for people who are grocery shopping. I think we all recognize that there's a growing market of people who like to be communicated with using e-communications. We're moving our sophistication level at the pace by which our customers are requesting it. I think people would be shocked by how many e-flyers we do send out. Our customers are definitely connected with us in a tighter way because of our loyalty program, which is tied to our e-flyers. Generally we send out one e-communication a week. We're careful not to go too much, because customers just give you one chance. If you overextend your welcome customers will unsubscribe you and you're done!

Acland: There isn't an industry best practice right yet. I think everybody is working to figure out the best way to put this together. In the online space, there are different ways to reach consumers. Electronic flyers can be emailed or posted on online newspapers, the advertisers website, or flyer websites just to name a few options. The challenge in retail advertising is making the messaging relevant to a market or store area. We can match the distribution of a print flyer to a given store's trade area or have it target a specific consumer segment. The capabilities exist to do the same with e-flyers but coordinating a national campaign to target a consumer segment with geographic relevance to stores is still too cumbersome. We will get there though.

Whelan-Molloy: I find in general, e-flyers are just a replica of what people get at home and that probably isn't the most effective use of the medium. Some people just want to see what they missed in the newspaper, but if a retailer has data on me and my email address, if I'm linked to a loyalty program, they should use that data in unique ways like pop-ups that would target me specifically.

Andrew: An e-flyer and a retailer's website have to be very customer-intuitive, so they can dig deeper into data that they've selected. In the world of the internet, one can get lost very easily on a company's website. That's a critical thing that companies are very much aware of. A customer needs to know where they are at any given time, and where to go to make a purchase on line.



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Sun Media's healthy subscriber numbers and strong brand awareness make its products — from major daily publications to community newspapers — ideal vehicles for flyer advertisers. Some of its titles, like the Kingston Whig-Standard and the

Peterborough Examiner, have been respected voices in their communities for as many as 150 years.

Sun Media's publications, especially its community papers, are committed to giving back to the areas they serve. From supporting charities to sponsoring community events, Sun Media goes the extra mile to give back. "Advertisers can benefit from the halo effect of being involved with our papers," says Sun Media's Omar Robinson.

Robinson points out that Sun Media's well-established titles have loyal readers who look forward to receiving each issue. "Advertisers can feel confident knowing that the product their flyer arrives in is invited into homes," he says.

Sun Media is becoming even more efficient in 2009 to continue providing optimal ROI for advertisers. It has two new state-of-the-art printers that can handle entire nation-wide print runs for flyer advertisers, and it has begun centralizing its flyer insertion process.

WHAT WILL FLYERS LOOK LIKE 10 YEARS FROM NOW?

Styan: I don't see the paper flyer being behind us 10 years from now. I'm sure someone will pick this up 10 years from now and say look at that, Styan, you were really wrong on that one! If you look at flyers and how they've evolved the last 10 years, there hasn't been much change. Flyers have changed relevant to print costs and pulp and paper, they've become larger, smaller, etc. If you look at the U.S. market there's definitely a trend towards less paper. That's something that could be a consideration. Right now, the customer is telling us they still like shopping with flyers, and I don't see that changing to the point that we'll make a dramatic shift in the next 10 years.

Acland: Print is not going to go away. Flyers are still going to be one of the most important mediums to retailers five years from now, ten years from now. I think we're going to see that flyers will change in their usage, but they're not going to go away. They won't be this mass medium, they'll be even more targeted than they already are. Flyers will be used to communicate to a given group in the right time through the right media vehicles and the effort will work in tandem with online.

Whelan-Molloy: I think flyers will be much more relevant and creative-forward. I think retailers are starting to embrace the fact that they need to change, and we're starting to see some changes. I don't think printed flyers will disappear in the next 10 years. I think over time they will disappear. But they've been saying that about newspapers, too, and that's not happening. Not everyone wants to read their newspaper online and not everyone wants to read their flyers online. There's nothing like a piece of paper in somebody's hands.

Andrew: I don't think printed flyers will disappear over the next while, but I think the flyer concept needs to be continually re-evaluated to take the customer from their kitchen- coffee table, where they are traditionally shopped flyers, to the internet. So flyer design and concepts need to have the capability to direct the customer to the retail website where even more shopping opportunities exist.

O'Donnell: I think the online piece will grow, but I think the actual paper hard copy piece will be something that will still be the dominant medium. I think there will be a growth online because all of the Gen Ys will be getting older, and they're used to shopping online. But I still think that that will be relatively small in comparison to the actual paper flyers.



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METROLAND



Metroland Media Group youth carrier delivering door to door

Targeting flyers allows retailers to optimize flyer communication, delivery and all associated costs, explains Sylwia Plawinski, Metroland's manager of Market Research and G.I.S. Metroland's efficient flyer distribution system facilitates micro-marketing to key existing or prospective customers. Plawinski offers these tips to help businesses deliver to the right doors.

- Think Big. Deliver by forward sortation area (FSA) to blanket your trade area. Metroland has 355 FSAs which comprise of about 10,000 households each.
- Think Small. Select specific distribution areas (such as the Dissemination Area) based on your target market. This can be done by combining socio-economics, age, education or any combination of demographics, segmentation systems and/or geography.
- Think Smart. Use existing customer data (such as sales by customer's FSA LDUs) to identify the best current and potential customers. Target to these current and potential customers using Metroland's FSA LDU based routes of approximately 75 households.
- Don't have existing customer data? Get some fast. Learn who is shopping at your stores and how much they are spending to define high-value customers, find potential customers and recognize your stores' trade area. If you do not have a loyalty program to capture data, collect postal codes at the cash register or conduct surveys and contests.
- Extend the reach of your flyer on a national flyer site, such as Flyerland.ca

This publication is an advertiser-supported supplement to the March 2009 issue of *strategy* magazine, produced in association with the Retail Advertising and Marketing Club Canada (RAC) and the Flyer Distribution Standards Association (FDSA).

RAC provides the retail industry with a platform for retail marketing and advertising professional and business development with a unique Canadian perspective. FDSA addresses issues shared by retailers, distributors, printers, binderies, transport companies and media agencies. Its mandate is to establish standards for the retail flyer process, from technical specifications to processes and terminology, to increase efficiency for the entire industry.

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INTERNET RADIO IS READY FOR TAKE-OFF

BY JONATHAN PAUL

ONLINE RADIO IS STARTING TO TAKE FLIGHT. IT ISN'T SOARING, BUT NEW WIFI-READY DEVICES ARE HELPING TO GET ITS FEET OFF THE GROUND. SOME ADVERTISERS ARE ALREADY TAKING ADVANTAGE OF THE SPACE AND MORE NEW WAYS TO EXPLOIT IT ARE IMMINENT.



Astral takes streaming radio to the mobile space with the Radio Perez application.

Radio, media's great survivor, has stood the test of time, hanging on through the advent of movies, television and the internet. In fact, "the traditional radio medium has been growing its ad revenue base five or six points a year," explains Rob Young, SVP of planning and research at Toronto-based PHD Canada. "It's generally been growing faster than most traditional media."

So, what does the future hold for radio? The consensus appears to be that the medium is on the cusp of significant change. Gurus, like Pirate Radio's co-founder Terry O'Reilly, see it following the

advertising for a number of American radio broadcasters with online presence, including CBS Radio, Fox News Radio and AOL Radio. In January, TargetSpot partnered with eight more networks to become the largest internet radio advertising company in the U.S., serving more than 50 broadcast partners and 1,000 internet radio stations.

In Canada, if numbers coming from Toronto-based Corus Entertainment's streaming audio properties are any indication, online radio is beginning to shine here too. "We get about six million hours of tuning to Corus radio streams a month," says David Huszar, VP and

With WiFi, suddenly you get internet radio stations **not just on your computer** but walking around, on the bus. **That's going to change everything**

media pack to a more flexible consumer-driven model.

"I think radio is definitely heading in the digital direction," he says.

In the United States, a 2008 study by Arbitron and Edison Media Research showed that online radio is the largest and most developed digital radio platform – compared to satellite radio, HD radio and podcasting – with about 33 million Americans, or 13% of the country's population over 12 years of age, tuning in on a weekly basis. And large ad networks, like New York-based TargetSpot, have popped up to facilitate online radio

GM, Corus interactive and integrated solutions. "Right now about half of the people that go to a Corus radio website listen to the audio stream." Between August and January, the number of monthly connections to streaming audio on Corus radio websites rose from about 3.5 million to 5.7 million. Now, thanks to the Canadian introduction of PPM, online radio listening numbers across the board stand to become more tangible, as the new audience measurement tool has the ability to pick up streaming audio as well as traditional AM/FM signals.

And with metrics, media credibility grows, extending to advertisers beyond the early adopter crowd. The ad opportunities

currently available on streaming websites are varied. Options include streaming player dominations, where a brand commands the standard ad units – big box, leaderboard and the like – that wrap within it. Player dominations can also be linked to clickable video and audio pre-rolls before users launch a given stream. According to Julie Howlett, director of sales for Astral iMedia, this choice is popular with national advertisers like Unilever, which targets its Axe brand initiatives to the many different demos covered by Astral Radio's various niche streams, and looks for opportunities to integrate content.

"If you look at the Unilever ads for Axe, it's not necessarily a call to action to participate in anything, but you want more information," says Howlett. "They really draw the user in with the engagement of their creative and they're kind of mini video vignettes."

Over on Corus Radio's streaming audio players, Subway is an advertiser that has also taken advantage of pre-roll video as part of an integrated campaign. Once launched, a brief vid featuring Subway's "dancing research monkeys" – who are also featured in the fast food chain's TV ads – promoting its new breakfast sub runs prior to the stream.

But the digital side of radio has not totally forsaken audio for video. Mobile phone retailer Wireless Wave is an advertiser that's currently utilizing audio pre-rolls on Corus' streams. Before the player launches, consumers are presented with a short audio ad, which is accompanied by a fixed big box ad within the player.



Above: Player domination on Virgin Radio 96's streaming player.
Top: Corus Radio's iPhone app consolidates all 52 station streams.

This is all on top of the standard display advertising on the site proper, an option that resonates with local advertisers based on the geo-targeting capabilities of DART enabled ads, facilitated by internet advertising solutions company Doubleclick. "It's an ad-serving technology that delivers IAB standard ad units



like leaderboards and big boxes," explains Huszar, ensuring that consumers in Vancouver who are listening online to a Toronto radio stream are served local ads.

Content integrations are also a means for advertisers to gain value on streaming radio stations. Corus has one such initiative being advertised across its network of new rock stations and their websites. It involves a cross-promotion between HMV and *Explore*

Music, radio personality Alan Cross' new online and on-air music resource program. HMV is fully integrated into the show and online. Consumers can click on display ads in the streaming players and on the Corus sites that transport them to the show's online destination.

Both Astral Media Radio and Corus Radio are currently looking into offering advertisers extra value by making their streams more

interactive. One example is in-stream ad substitution. It's a practice that's commonplace in the U.S., because of rights issues surrounding simulcasting, with ad networks like TargetSpot offering its clients a one-stop-shop to create and target internet radio ads, replacing the ads broadcast on the AM/FM bands. Ad

substitution, however, is a little more difficult in Canada. "Currently our stream is completely duplicated from the terrestrial version," says Howlett. "There's nothing different than if you're listening from your standard radio, but the opportunity is there for us to have cut-in ads and that's being explored."

So the opportunities are there, but how do you attract more listeners? Historically, the medium has restricted consumers to listening over the internet from their computers. O'Reilly sees WiFi-ready devices like the iPhone as being potential catalysts of a possible internet radio groundswell. "With WiFi, suddenly you get internet radio stations not just on your computer but walking around, on the bus. That's going to change everything," he says. And indeed, content providers and advertisers are already making forays into this new, uncharted territory.

On Feb. 2, Corus Entertainment launched an iPhone application, developed by streaming infrastructure provider Stream The World, that houses all 52 of its station streams in a one-stop-shop. The app incorporates the iPhone's GPS capability to sort stations based on a consumer's location. Following on the heels of similar apps launched in the U.S. by pure-play internet companies like Pandora Radio and AOL Radio – whose app also includes more than 150 CBS Radio terrestrial station streams – it's the first native iPhone streaming application from a Canadian radio broadcaster.

Corus' motivation to develop their app was "driven by this need that our stations have to be available wherever anybody can possibly listen to them," says Huszar. "More and more people are listening to radio on things other than FM or AM receivers, so we believe that we need to be conveniently accessible for all of our listeners."

Stream The World is currently investigating other handsets that could house the app, keeping the soon-to-come BlackBerry app store and the new Android Marketplace in mind. What does this mean for advertisers? Well, they are getting a little more bang for their radio buck. "In a streamed environment, the advertiser is currently taking advantage of that audience with their audio 30-second radio commercial," explains Young. "They're not buying that separately."

In the short time since it launched, the Corus app has already seen a good measure of success. At press time, it was ranked fifth overall in the iTunes app store's top 25 free applications with over 60,000 downloads and about 10,000 hours of logged tuning, so it's safe to say that there is a growing audience. Pandora's iPhone app saw similar success, being the most downloaded application in the U.S. iTunes app store for 2008.

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Right now, the Corus app is set up for display ads placed by way of DART tags. "On each one of these station pages we have created a DART zone that's active so that it can be clicked through, so there's a direct opportunity right on those streaming pages to go through to a client's website for an offering," says Huszar.

But that's only the beginning. Neil Sweeney, SVP North America at Stream The World, maintains the app will be constantly evolving to incorporate different opportunities for advertisers. They're looking into short video pre-roll placements, provided that additional data usage costs are not significant. Advertising that harnesses the GPS capabilities of the iPhone is also something that may be just over the horizon for the Corus app, which would allow for more directly targeted ads. The app also integrates with Corus' radio automation software at the terrestrial level to capture metadata, which includes "now playing" info.

"Once you have that information you're able to link off and do a million other things, whether that's actually tying in ticketing information, concert listings, etc.," says Sweeney. Since launching the app, Corus has talked to 20 interested advertisers.

Astral Media Radio has also decided to experiment with the mobile space, getting



In-player display ads promote Alan Cross' *Explore Music* and *Wireless Wave*.

into the smartphone game back in December by launching their Radio Perez Mobile iPhone app and a web-based version for other smartphones – drawing from the popularity of internet celebrity gossipier Perez Hilton.

The app, which was developed by Astral Media Radio's Toronto-based syndication company Orbyt Media, leverages the GPS tech in the smartphones to promote affiliated radio stations broadcasting within 30 km of a listener's location, and includes celebrity gossip audio shorts, RSS headlines from Perez Hilton.com and selected photos. It was also designed to allow for national sponsor branding and carries a banner ad at the bottom

of the landing page, though no advertisers have jumped on board yet.

Astral is currently working on other application development initiatives revolving around its streaming radio properties to increase its presence in the mobile space. "We have some strategies that are going on with certain partners in terms of development and yes, in a short time, we'll be even more present in the mobile environment," says Sylvain Langois, VP and GM of Astral Media Radio Interactive.

The exploration of new platforms on which to extend radio streams stands to benefit advertisers, and new devices like smartphones with WiFi and GPS capabilities allow new ways to further target promotions – advantageous to both national and local advertisers. The key is achieving the critical mass to make these potential advertising avenues more feasible, and consumers' quick appropriation of new devices certainly stands to help that process steam along.

"Go back to 2000 and we don't have satellite, or any real internet stations, or the amount of digital listening devices we have now," says O'Reilly. "That's a huge sea change. The marketing thinking just has to catch up. I don't think there's been a more exciting time to be in advertising than now." ■

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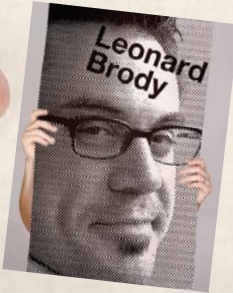
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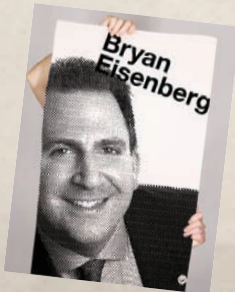
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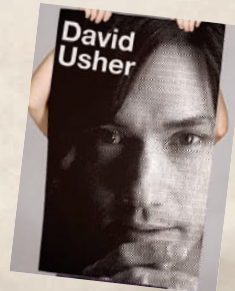
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MARKETING

DISCOUNT BRAND OR NATIONAL?

BY JONATHAN PAUL

Loblaw Companies wants

consumers looking to save coin on groceries to think yellow and consider its private No Name label a value alternative to national brand competitors.

Television ads, created by Toronto-based Bensimon Byrne and featuring company exec chair Galen Weston Jr., take a not-so-subtle approach, as Weston compares the cost of a shopping cart full of No Name goods to another packed with national brands.

The No Name line has been given a more prominent placement on store shelves and the company has reverted to the brand's hallmark black-on-yellow packaging – a look used in other TV spots with only type. "What we're trying to do is really show value relative to well-known brands that the consumer knows and understands," explains Ian Gordon, SVP of grocery at Loblaw Companies.

The campaign also includes flyer activity and proud display of the No Name colours on all Loblaw's banner websites. Gordon adds that Loblaw is drawing attention to the notion that it provides consumers with all the choices they need for one-stop-shopping. "It's really about showing the consumer the breadth of offering that you can get within our banners," he says.

The timing couldn't be better, as shoppers are seeking out savings wherever they can.

We asked retail and CPG strategy wizards **John Torella**, senior partner at J.C. Williams Group, and **Jill Nykoliati**, president of Juniper Park, to give us the lowdown on how Loblaw's value-vaulting strategy resonates.



STRATEGY

Torella: It's fundamentally sound and provides a compelling competitive advantage and true point of difference for Loblaw and in particular its No-Frills retail banner.



Nykoliati: The No Name campaign is half good. From a brand positioning standpoint, it's spot on. Black Helvetica font on yellow tells me I'm paying for nothing beyond what's in the can. The "No Name TV spot" echoes this bare-bones approach. Its shortfall is the way it's communicated. The Loblaws and President's Choice brands have spent years telling us we should expect an elevated experience from them. They're now telling us the opposite.



CAMPAIGN ELEMENTS

Torella: The brand strategy is well supported by the market/communication elements. The TV featuring Galen Weston Jr. builds not just fast awareness, but also an understanding and acceptance of the dominant savings idea. Flyers provide wide reach, price and item emphasis, in-store posters give a simple and clear communication of the "shopping basket" savings and prominent support at the dept./fixture level and new packaging provides real impact at point of sale.

Nykoliati: When delivered in the "Galen Weston/President's Choice" voice [comparison commercial], they convincingly illustrate the premium paid for their elevated experience is bad judgment. This approach is hypocritical and damaging. In contrast, the execution told in the "No Name voice" [type-only commercials] is far more effective, more disruptive, but not damaging to the parent brand.

PROMOTING BRAND OR CATEGORY?

Torella: As a leader in the food/grocery category, Loblaw can afford to do both. Bottom line: they must establish an overall superior shopping/buying experience.

Nykoliati: Loblaw is promoting the value category. Given its purely functional nature, No Name is an undifferentiated discount brand. Are Loblaw's No Name carrots really any better than another retailer's discount carrots? Really? In contrast, H&M is branded value experience because they make it exclusive. The headline for the consumer is value, while designers such as Stella McCartney, Madonna and Karl Lagerfeld create cachet and protection from competition.



HOW THE CAMPAIGN PLAYS INTO LOBLAW'S OVERALL MESSAGE

Torella: It is critical to the long-term success of Loblaw that a balance in delivery savings and in-store experience messaging be maintained. In the short term, priority can be on No Name savings, but over the long term, the overall value proposition must be maintained.

Nykoliati: Loblaw cannot use their "Galen Weston/President's Choice" campaign to talk the virtue of No Name. They have blurred their experience brand with their discount brand. These brands couldn't be more opposite. And herein lies the flaw in this strategy. Ask yourself, "which cart does the President's Choice brand sit in?" and the flaw shows itself.

The creds

Loblaw Companies

Ian Gordon, SVP grocery

Ad agency – Bensimon Byrne

Peter Byrne, CD/writer; Peter Byrne, Kathy Byrne, Wayne Fenske, directors; Kathy Byrne, producer; Chris Holmes, DOP; The Studio Upstairs, editing house

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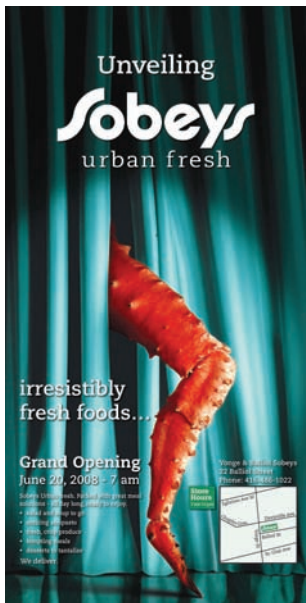
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CATEGORY CHECK-UP



BY CAREY TOANE



"At least you have your health." In tough times, this truism applies not only to humans but brands as well. To that end, *strategy* gathered a dream team of experts from all areas of marketing medicine to check some of Canada's well-known brands for symptoms of common category ailments like Chronic Oil Price Fatigue or Private Label Syndrome. In the hopes that all brands could benefit, they also wrote some prescriptions for category therapy.

Now take a deep breath, and turn the page.



PHILIPPE GARNEAU, PARTNER/ECD, GWP BRAND ENGINEERING

No stranger to introducing challenger brands into long-established categories, we asked Garneau for his diagnosis of the roles that legacy brand Air Canada and stylish upstart Porter Airlines have to play in their category. Garneau has been instrumental in the creation of new brands such as ING Direct, Expedia.ca and Grocerygateway.com. He has worked for agencies like Doyle Dane Bernbach and Chiat Day, and for clients including Volkswagen, Life Savers, Mr. Big, Rubbermaid and Canadian Airlines, which earned him a closet full of international awards before he co-founded GWP Brand Engineering in the early '90s.

CHRIS LUND, CEO, PERENNIAL GROUP

Lund brings a design perspective to our retail category discussion, applying his meticulous attention to detail to Sobeys Urban Fresh and Zellers. He works with retailers to build meaningful experiences for customers throughout North America and into China and India. For more than 18 years, Perennial has collaborated in the design and strategic direction of companies including Loblaw Companies Limited banners, Home Depot Canada, McEwan Gourmet Market, Canada Post Corporation, Aisle 43 and Spencer's Retail in India.



BRUCE MACLELLAN, APR, FCPRS; PRESIDENT & CEO, ENVIRONICS COMMUNICATIONS

MacLellan has handled crisis communications for clients including Bayer, Gerber, and Johnson & Johnson – so we knew he could provide insight and context to food/grocery category brand Maple Leaf Foods. Founding president of Environics Communications since 1994, he has worked in communications consulting since 1980 and has provided counsel to leaders in business, government and professional sports. His clients have included Royal Bank, Microsoft, Xerox, The Nature Conservancy, eBay, Investors Group and Nestlé. His areas of expertise include corporate communications, issues management and marketing communications. He has also served in senior political positions in government in the areas of defense, health, culture and the environment.

IAN MIRLIN, PARTNER, IGNYTE

When we heard that Mirlin, the legendary writer, creative director and former president of Harrod & Mirlin, was co-founding a new agency dedicated to the rescue and renewal of brands that have lost their way, we knew he would bring high-level creative insight into consumer-brand relationships to our team of category doctors. He has worked with General Motors, Levi Strauss, Nabisco, Fairmont Hotels, Evian, TD Canada Trust, Quaker Oats, Coca-Cola and Ford, among others. Before launching Ignite, Mirlin was national CD for Young & Rubicam and McCann-Erickson. He has won awards in major shows all over the world, from New York to Cannes.



JILL NYKOLIATION, PRESIDENT, JUNIPER PARK

With experience on both the client and agency sides of CPG marketing, Nykoliati brings a doubly unique perspective to our discussions of the food/grocery and retail categories. At Juniper Park, her clients in the U.S. and Canada include Frito Lay, Pepsi, Starbucks, Astral Media and the Red Cross. In her prior work at Kraft Foods, Nykoliati was the co-creator of an award-winning North American CRM initiative, recognized as one of the leading relationship marketing programs globally. She pioneered a new corporate marketing division, managed brands such as Post Cereals, Maxwell House Coffee and Kraft Cheese, and led Kraft's North American creative and content strategies, most notably *Food & Family* magazine, the third-largest circulated magazine in the world.

JOHN C. WILLIAMS, SENIOR PARTNER, J.C. WILLIAMS GROUP

Since starting his consulting company in 1974, Williams has been recognized as one of North America's retail gurus – a perfect choice for chief of staff for our discussion on how new formats and born-again brands are shaking up the retail category. He counsels retailers, manufacturers of consumer goods, shopping centre developers, downtowns and governments, and has authored four books: *Getting Retail Right!* for the International Council of Shopping Centers (ICSC), *A Guide to Retail Success* for the National Retail Federation, Washington D.C., *Building a Winning Retail Strategy* for the Retail Council of Canada, and *Marketing Main Street* for Heritage Canada. He also teaches at the ICSC's University of Shopping Centers.



KEN WONG, FACULTY, QUEEN'S BUSINESS SCHOOL

A marketing professor, consultant, speaker and facilitator in conferences and executive development programs around the world – and quite possibly the largest individual holder of frequent flyer miles in the country, we asked Wong to take us to school on the airline category. He puts his academic expertise to work for corporate and public clients ranging from 3M Canada, American Express, Bayer, Bell Canada, Canada Post, CN and TD Canada Trust to KPMG, Mattel, Microsoft, Pfizer, Starbucks, Telus, Tim Horton's and Travelodge. Beyond Queen's, he has also taught in degree programs at Cornell and Harvard. In 1998, Wong won the *Financial Post's* Leaders in Management Education lifetime achievement award. He was inducted into the Canadian Marketing Hall of Legends in 2006.

THE DOCTORS



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renewed and rescued dozens of moribund and marginal brands over the years. Usually, we made them successful by making them *meaningful* to their audience. More than relevant. *Meaningful*.

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As sales continue to slide and shop windows sport “50% OFF” signs long past though: Canadian retailers have this country covered. The saturation of the market the hunt for a USP can be elusive. We checked in with two Canadian retailers in two

SOBEYS URBAN FRESH

Stellarton, N.S.-based Sobeys is reaching out to urban shoppers with its Urban Fresh format, which tailors grocery, fresh food items and ready-made meals to a smaller basket size and high shopping frequency. With nine stores from 3,000 to 20,000 sq. ft. in Edmonton and Toronto and one more to open this summer, the banner has already evolved from Express to Urban Fresh to suggest more than speed. It's still in the test-and-learn stage, with plans for expansion into urban centres such as Calgary. We asked CMO Belinda Youngs how the banner is fitting into the new neighbourhood.

FILLING A NEW NICHE

Youngs says the new, European-style “urban convenience” format – one of five in Sobeys’ portfolio, which range from full-service to rural convenience – is a response to broader trends as well as competitive advantage. “Food retail is fairly well saturated across the country; we’ve got square footage outpacing demand for a number of years now,” she says. “Finding those ideal full-service sites is becoming harder. We need to become more relevant and meaningful to customers in respect to some of the macro trends: urbanization, smaller households, less time, environmental consciousness, health and wellness and also local sourcing.”

IN THE MIX

Finding the right assortment of brands in a smaller footprint store is a challenge, and the offering varies according to the neighbourhood, says Youngs. The stores work on a logistics model that allows for single-unit picks – crucial when there’s no room for pallets. It also leaves less room for house brands, which other grocers are promoting vigorously. “We take a slightly different approach to our competition,” she says. “It’s not our job to limit choice for our customers; it’s more important that, rather than choosing from three different orange juices, I have a choice of three different flavours. In these stores we don’t carry the entry price-point value brand as much, because customers are looking more for convenience, choice and meal solutions and less for cheap functional products.”

BUT WHAT ABOUT THE YOU-KNOW-WHAT?

With its high-end stock position and high margins to cover higher rent costs, Urban Fresh depends on a shopper who has been willing to pay more – at least until the recession reared its ugly head. However, Youngs is confident that they will keep coming back – and so far, the StatsCan numbers support it, with food-and-beverage sales rising 0.5% in November. “Globally, when you look at food retail, discount and convenience are the two single biggest growth formats,” she says. “People have less disposable income and are being more careful, but at the same time, people eat out less often and centre their activities much more around the home. So there’s opportunity and there’s challenge.”



“We now have vast numbers of people living in condos in dense areas, so it makes sense. At the same time, the people shopping at the traditional markets are going there less frequently but are spending more. It’s a sell-off.”
–John Williams, J.C. Williams Group

“Sobeys has created an experience for a subset of their consumer base. Its design reflects the needs of the city dweller. The attention to detail is the key here. Produce is displayed like in a market. They offer smaller portion sizes, meals-to-go options, higher end finishings, street access.” –Jill Nykoliati, Juniper Park

“If they start to move their private label aggressively into that format, then the number of SKU facings available for breadth of brands is going to reduce even more, so I think that’s going to be an interesting challenge for them.”
–Chris Lund, Perennial

“Our research says there was a segment, about 25% of the population, that was willing to pay for convenience. My guess is that has drifted way down now.” –Williams

“As much as I would give Sobeys credit for having the courage to go there first, everybody’s going to follow. We’re starting to see it now with unique banners, but the big boys will come to play in this market as well. So they’ve got some work to do on clarifying their positioning.” –Lund

Boxing Day, recession retail is not for the faint of heart. One thing is for sure, makes differentiation the real challenge – and for second- or third-place retailers, very different circumstances to see how business has been, and where to go next.

ZELLERS

The 78-year-old Zellers banner has been undergoing a massive reorganization after it was purchased in the sale of Hbc to NRDC Equity Partners last summer. Former Loblaw president Mark Foote stepped in as president and CEO, luring Pat Wilkinson back from Home Depot HQ in Atlanta to join his team as VP marketing in January. So what shape will the new Zellers take? According to Wilkinson, the first stock and assortment adjustments will be visible on shelves in the next 90 to 120 days, with a longer makeover timeline of one year to 18 months. We asked her how.

IDENTITY CRISIS

It isn't easy to delineate Zellers' USP. "I would argue that we've gotten to the place that says there isn't one," says Wilkinson, two weeks into the job. "Everybody knows that we have a lot of stuff. What we haven't done is create that reason yet for them to say, 'I'm going to go to Zellers instead of somewhere else.' We need to create a distinct pricing strategy, a distinct merchandise offering, and we need to be really clear about who our core customer is and then the secondary customers around that. But the answer is that I don't have the answer to that yet."

"How do you have a store that clearly conveys value and competitive pricing and, at the same time, offers a more inviting shopping experience than Walmart and the Great Canadian Superstore? At this point, they're always going to be a number two player. It's easy to say they should become Target – I'm not sure our marketplace is that sophisticated. But they can't be Walmart, because they've got it all." –Williams

"Some of them have restaurants inside them. They could be great little diners, especially if there was a relationship between the restaurant and the grocery offer inside the store. Their fashion is not Holt Renfrew, but they could be unique and better than Walmart's. Their food effort could be great. I would take the Truly brand, which has some exceptional products both in value and quality, and leverage it." –Lund

A STORE IS A STORE IS A STORE

One challenge for Zellers has been around its lack of a consistent store experience, both in terms of merchandise and design. Wilkinson says finding the optimum layout – part of the current redesign – is a delicate balance. "We have 280 stores," she says. "It's probably not realistic to say that every one of them is going to be cookie cutter – and I would argue, nor should they be. But we do have different formats, and those different formats work in different communities, so part of the important thing is making sure that we're meeting the needs of that community, not just because it's easier for us to do a layout and a planogram."

"They could design their stores in a way that made people feel like 'I'm getting great value but I'm not shopping in a dungeon.' The floors always look dirty not because they are dirty, but because the lighting fixtures are all off. They don't light their fashion in a way that celebrates it from a visual merchandising point of view." –Lund

KNOW THY CUSTOMER

An important caveat is to remember the consumer who has remained loyal to Zellers – the mom demo and up. "We need to make sure that whatever we do isn't alienating that broad base, because in many communities, Zellers is the major destination," says Wilkinson. "From a merchandise assortment [point of view], we need to be focused on Canadian families: everyday family needs will be our sweet spot, and that includes grannies and teens."

"They're not going to be for everybody, but they could say to their consumer set, 'We offer a lot more and you haven't given us credit for it. Now we're going to celebrate it and show it off.' In the short term, I think Zellers can become a rocket ship just by doing that." –Lund



"Canada is getting a lot more sophisticated with respect to its retail impressions. Over the last decade, [Perennial client] Loblaw were the first ones to say, 'We're not just going to be tactical merchants that run warehouses for consumer brands. There's a store brand here, and our store brand is going to differentiate us from our competitors in the marketplace.' We're a huge country with only 34 million people. Canada is a very tough place to be a retailer, and so if you're a successful retailer in Canada you have to be a great retailer." –Chris Lund, Perennial

September 11. SARS. \$100 oil. This decade hasn't been exactly free of fee hikes, baggage limits, arduous security procedures and more fees, the media. We checked in with the market leader

AIR CANADA

The 14th largest airline in the world, Air Canada has been upping its game – with an interior makeover of its 198 mainline aircraft known as “Operation XM” wrapping in 2009, priority security lanes for business travellers and one of the youngest fleets in North America – and has been reaping the rewards, with a nod from *Business Traveller* magazine as one of the continent's best airlines. The new interiors have been showcased in TV ads as part of the brand's Olympic sponsorship. Now, says VP marketing Charles McKee, the next hurdle is an overhaul of customer service touchpoints.

WEIGHING BRAND BAGGAGE

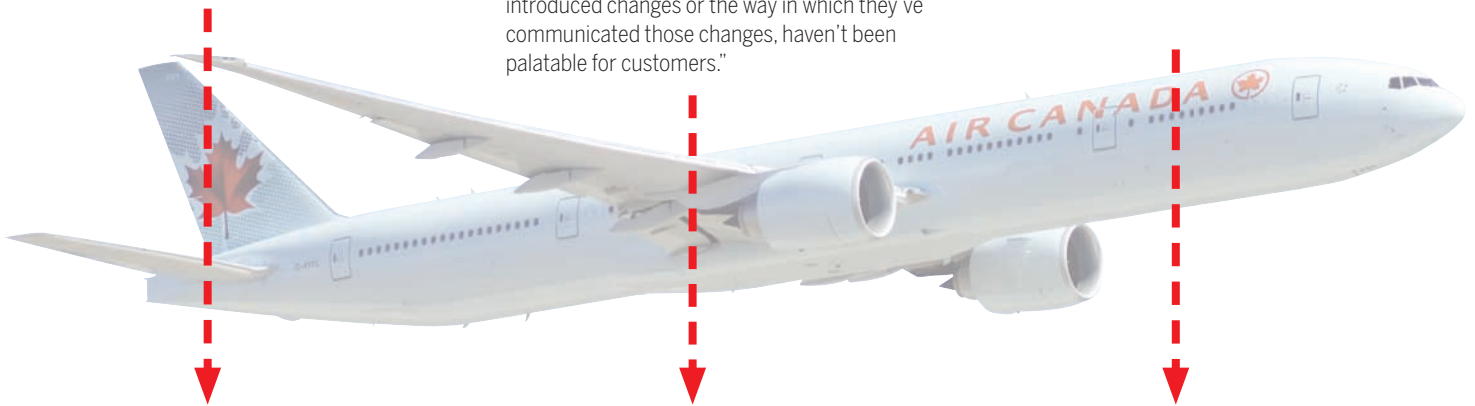
Iconic brands like Air Canada are saturated with history – and are hard pressed to find anyone who hasn't interacted with the brand and doesn't have an opinion about it. “There are different expectations that people imbue the Air Canada brand with,” says McKee. “Some of those are very reasonable, and some are seemingly less reasonable, but overall it is absolutely clear that Air Canada means so many different things to so many different people, that this is a brand that is defined by its customers. In an industry where, quite frankly, it's very easy to start a new airline, at the end of the day it's the brand and its reputation which fully define the total proposition.”

WHERE'S THE BEEF?

McKee sees the lack of predictability around market externalities such as currency fluctuations as the cause of performance issues. “The customer experience is something which the airline industry as a whole has rightly taken a pretty bum rap for. The industry has been trying to be a sustainably profitable business, and that has meant we have to go back and rethink all the promises that we used to make. If you look at old airline advertising, it was about who can out-steak the steak dinner. Fundamentally, the industry has had to build a different proposition, and that's very hard for people to adjust to. Frankly, the airlines haven't always gotten it right – the speed with which sometimes they've introduced changes or the way in which they've communicated those changes, haven't been palatable for customers.”

A NEW REGIMEN

“At the end of the day, it comes down to good user experience,” says McKee, who counts “likelihood to recommend” among his primary user-satisfaction measures. “We've built a great quality product which competes on both ends of the market, and our pricing structure is extremely focused on delivering to a variety of market segments. Some people might say, ‘They're trying to be too many things to too many people,’ but that ignores the very fact that we carry 31 million customers a year. In this next phase of development, Air Canada is doing a lot of work around customer service development, raising the bar in terms of the interaction between our customers and our staff, our systems and policies.”



“This is a brand that's superb in the air: their planes, their safety record, it's all there. What Canadians appear to have an issue with is the warmth, the service culture. Because Air Canada was once a certain way – pillows, blankets and dinner – and now it isn't that way, we're aware of what changed.”

–Philippe Garneau, GWP Brand Engineering

“These brands are not going to get through based on ads. They're going to get through on word of mouth, because [when] the travel world forces people to sit there for two more hours than they expected, they start talking. And once it goes bad, spontaneous hostile focus groups spring up every single time somebody picks up a microphone in an airport.” –Garneau

“The big airline and all big products suffer a little bit from an inability to get personal. It doesn't matter how many flights you offer daily, it's what happens in terms of the brand experience that tells me that you're going to do more for me than just let me leave at 7:30 in the morning. That's where the internal branding is really your priority, where you begin inside and work outwards.”

–Ian Mirlin, Ignyte

turbulence for the airline industry, at home or abroad. With cancellations, consumer frustration reached a fever pitch that was well documented by and a stylish new upstart to map out approaches for '09.

PORTER AIRLINES

Last year, Toronto-based short-haul carrier Porter Airlines went international with flights to New York, and introduced its VIPorter loyalty program, which tagged almost 200,000 members in six months. It plans to double its fleet from eight to 16 (possibly 18) planes in '09. The animated raccoon mascot, Mr. Porter, will continue to introduce the airline in advertising as routes and frequencies are added and Porter expands its target to include weekend travellers. We asked president and CEO Robert Deluce about the brand's buzz, and if it can maintain momentum in this no-frills economy.

THE CHALLENGER AESTHETIC

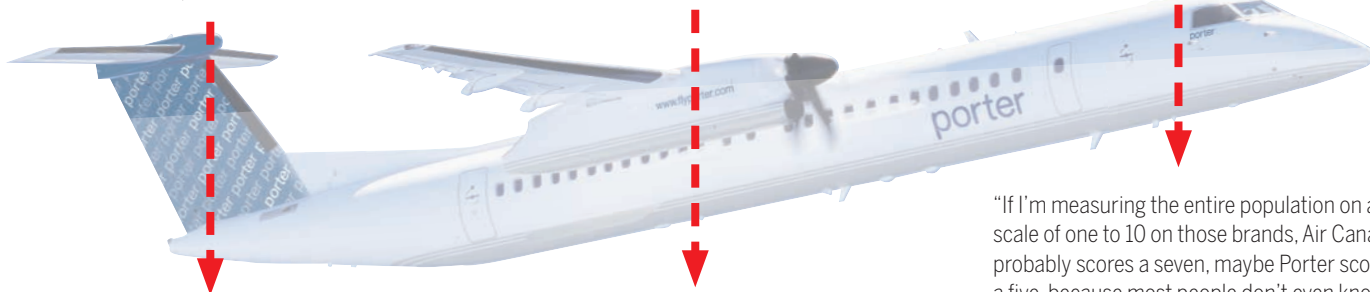
Porter was born in part as a response to the "à la carte" model that cash-strapped airlines were serving up to the average traveller, says Deluce. "Our service is a bit of a throwback to earlier times when travel was more glamorous and a bit more fun, and we hear that all the time from our passengers. I think that's reinforced by the brand itself – the uniforms, the pillbox hats – and we capitalize on that in our advertising. The raccoon is known to survive in the face of adversity, to be quite resilient and at the same time quite cheeky, and that probably reflects Porter to a great degree. What could be more Canadian than a raccoon? What could be more Torontonians, for that matter?"

FIGHTING THE RECESSION BLUES

"Premium" is a concept that is often misconstrued as "expensive," says Deluce, who insists Porter's positioning as a "premium short-haul carrier" refers to the experience, rather than the cost – an important distinction when businesses are tightening travel budgets. "It isn't always about the price of the ticket," he says, adding that Porter has only one passenger class. "Our traveller segment is very sophisticated; they are able to figure out it's [also about] the complimentary extras, and the time savings involved [in flying out of the Toronto City Centre airport]."

GETTING THE WORD OUT

While Deluce is confident that anyone who travels with Porter will become a convert, this focus on experience means that broader awareness will hinge on route expansion. "We will continue to focus on the same touchpoints that have worked well for us thus far: speed, convenience and service. The experience itself is always reinforcing the brand, and word of mouth is very valuable."



"What it's got mostly is a sense of meaningful rebellion, because it's got something to rebel against." –Mirlin

"It is a different aesthetic experience. The lounge, everything says you are now flying the cool airline, the one which will restore a modicum of sophistication and civilization, because travel has gotten so horrendous that this just redresses the balance. The fact that you can sit in a comfortable chair after having been strip searched is hardly a bonus, it's really restitution." –Garneau

"If I'm measuring the entire population on a scale of one to 10 on those brands, Air Canada probably scores a seven, maybe Porter scores a five, because most people don't even know they exist. But if I look at the group that Porter is targeting, Porter probably scores a nine, Air Canada stays a seven. No matter what Air Canada does with pricing, courteousness and so on, for the passenger who wants to travel from Ottawa into downtown Toronto, there's really not a whole lot Air Canada can do." –Ken Wong, Queen's Business School

"It is all about targeting, as it will be in most every category we look at for the next couple of years: whoever targets best wins most." –Ken Wong

"To use Hannibal Lector's phrase at the end of *Silence of the Lambs*, the world is a more interesting place with both of us in it. I think it's a better country [with] a plurality of airlines, but I don't want three doing the same things. I like the idea of range, I like that the consumer has choice." –Philippe Garneau

"Operationalize your brand position. So if I get on the plane, somebody actually treats me with some degree of courtesy, service, just basic stuff. The airlines are cutting back all the time, but it doesn't cost them anything to be courteous." –Ian Mirlin

As the cost of food rises, the national food/grocery brands face challenges from
Meanwhile, keeping up with consumer health trends, competitor product innovation
of a product recall, the fight for more facings seems like a walk in the park. *Strategy*

MAPLE LEAF FOODS

Toronto-based Maple Leaf faced a crisis last summer when contaminated foods were traced back to one of its factories. The company took immediate responsibility through ads and a microsite, MapleLeafAction.ca. Since then, Maple Leaf launched a new branding campaign in January, sent coupons to those who called the crisis hotline and shifted away from deli toward fully cooked meat and fish dinner solutions. Spokesperson Linda Smith says consumer confidence scores bounced back from 60% last fall to 91% in early December, while 70 to 75% of brand sales have been recovered.

AN HONEST APOLOGY

Maple Leaf's response to the crisis was immediate, as president/CEO Michael McCain addressed Canadians personally: "Tragically our products have been linked to illnesses and loss of life," he said in a TV commercial last August. "Maple Leaf Foods is 23,000 people who live in a culture of food safety. We have an unwavering commitment to keeping your food safe with standards well beyond regulatory requirements. But this week our best efforts failed, and we are deeply sorry."

HUMANIZING THE LAB COATS

After the recall ended last year, Maple Leaf bowed a new branding effort by Toronto-based agency John St. to reinforce the enhanced safety message while maintaining an emotional connection. "The new campaign features employees who are food safety experts [serving Maple Leaf products to their families]," says Smith. "It is designed to reinforce the confidence people have in our product. These people are stewards of our food safety and, at the same time, moms like you and me."

BEYOND DELI

Moving forward, Maple Leaf appears to be shifting marketing emphasis away from deli lines most affected by the crisis towards products which meet consumer demands for healthier quick meal options. A current television campaign promoting the Simply Savour line of fully cooked fish, roasts and chicken strips, also by John St., is supported by retail activities.



"Meaningful brands are transparent: there's nothing to hide. Where advertising sometimes created a lot of stigma for itself was [through] a language of ambiguity, which people revolted against. There's no place for that anymore in the current environment. I think that Maple Leaf is very wise showing this transparency."
—Ian Mirlin, Ignyte

"They practiced what I would call full and complete communications: media relations, full-page advertisements in newspapers, web communications. So it wasn't just that they took the right position, they were aggressive in pursuing and distributing that position to the public." —Bruce MacLellan, Environics Communications

"It's a nice execution of two messages in one: 'We have people in white coats who are looking out at our plant for health issues, and they're ordinary people just like you who go home and eat our products with their families because they trust them so much.'" —MacLellan

"You've probably heard the old saying, 'if you love sausages, don't visit the sausage factory.' Unfortunately this whole episode gave everybody a peek inside the sausage factory. And Maple Leaf is going to have to face broader, more long-term issues of the role of sliced meat in a healthy diet. It may be that they need to shift away from the weighting that sliced meats represent in their shelf space [and] put more emphasis into other products that aren't associated with the crisis."
—MacLellan

"I think people are rooting for Maple Leaf. Not only is this a Canadian institution, I believe consumers know that if this unfortunate situation can happen to a reputable company like Maple Leaf, it can happen anywhere. And it causes us all to ask the question: 'Do I really know what's in my food?'" —Jill Nykoliation, Juniper Park

every direction, such as Loblaw's resurrection of its No Name line (see p. 24). and demands to go green all increase costs. Then, when disaster strikes in the form checked in with two Canadian food manufacturers to see how brands are coping.

SUMMER FRESH FOODS

Vaughan, Ont.-based Summer Fresh Foods' dips, salads, and prepared foods have been leading the quick-gourmet trend in Canada. Founded in 1991 and now ranked in the top 10 SKUs in Ontario by AC Nielsen, the brand is found in all major national grocery retailers, from Walmart to the upscale boutiques. In '09 it will introduce a new line of lunch and snack items aimed at kids licensing Nickelodeon's *Dora the Explorer* and *SpongeBob SquarePants*. *Strategy* asked president and founder Susan Niczowski for the insight behind the "Food is Fashion" positioning.

INGREDIENTS STORY

"We've always focused on the products and their ingredients," says Niczowski. "Consumers are becoming much more aware of raw ingredients and trends, and they're much more knowledgeable about what they're actually consuming." Her concerns about what to feed her school-aged daughter spurred the interest in developing the stand-alone dips and snack packs of hummus and flatbreads portioned out for children. "We've got to get back to the basics and focus on nutrition at an early age, eating properly, sitting down and enjoying your meals as well as being active."

"Their 'Food is Fashion' strategy – constant innovation, chef-inspired flavors, and discovery-type merchandising – aligns well with the psyche of their core consumer. Their brand's archetype is about passion, authenticity and storytelling. They connect with their consumer on the intimate level of the senses. A boutique product available in a supermarket. Personally, I love this brand and believe it has great potential." –Nykoliation

AFFORDABLE LUXURY

"With our particular product lineup, people will not be eating out as much [during the recession], so instead of spending \$50 in a restaurant, you're going to treat yourself to that \$3.50 dip or tub of salad, so it really is a treat."



"Their challenge in the next 18 months is to hold onto their growth, keep their consumer base and attract new consumers in a recessionary period. The trend they're up against is that everybody's going back to simpler times. It's a question for all brands: Am I a luxury? Am I a trade-down? We don't know yet." –Nykoliation

CREATING BRAND ADVOCATES

Summerfresh.com provides consumers access to a team of chefs to give feedback and ask questions about products and recipes, says Niczowski, adding that consumers have influenced things like packaging. Interactions at retail – crucial to a brand where the primary marketing strategy is "getting the product in their mouths" – also provide insights.

"Everybody talks about this new notion of the 'prosumer,' which is that hybrid of the consumer and the producer, and they want input into it. Interactive communication is actually a metaphor for business today. The meaningful and relevant brands are prepared to enter into a dialogue with the consumer. The days of the monologue brand are coming to an end." –Mirlin

"This is a discovery brand, and people who like discovery brands like to share. Summer Fresh could reach out to places where people are, the Food Networks, the *Chatelaine* food section. Instead of owning the conversation, go to where the conversation is and respectfully insert yourself. It's a brand ripe with stories, and they could be making it easier for consumers who are interested to find those stories." –Nykoliation

"We've all got to get into the personal product business. By personal I mean personally relevant: what about it understands me on a much deeper level? I'd love to see more marketing strategies that said something like 'start the debate' or 'create a nation of cooks' or 'start a league of mothers.' The product is the conduit to it, but we've got to stop selling the product and start selling the relationship." –Mirlin

"Societal influences are having an impact. The suggestions to get back to fresh ingredients are numerous – food safety scares, the 100-Mile Diet, the interest in organic. And food manufacturers are responding. In 2008, the most common claim made about new food and beverage products was "natural." McDonald's new global initiative features natural ingredients; Lay's is celebrating its locally grown potatoes." –Nykoliation



BY JOHN DALLA COSTA

TAKING THE POSSIBILITIES SERIOUSLY

ETHICALLY SPEAKING

The current economic crisis is so vicious and unnerving because it involves the bursting of multiple bubbles. While the initial cause of this downturn has been tied to the easy credit and unregulated securitization practices that led to profligate expansion in the housing sector, more thoughtful analysts now recognize that the factors behind this severe and likely long recession are more complex and systemic.

Much of our consumer economy in recent years has been subsidized by easy credit rather than real increases in wages or buying power. Banks and credit card companies have left the impression that "you're richer than you think," but the true state for most of us is not that we had more wealth, but simply more leverage.

Our global use of energy and natural resources has followed a similar pattern. We have known since the Brundtland Report in 1987 that society's extraction and pollution practices are not sustainable, yet we continued to promote convenience over conservation or moderation. In this case, the equity being consumed belonged to future generations. Just as the financial black hole of unregulated markets cost the global economy trillions, the energy and environmental bubbles now burst have exacted a terrible price in terms of lost species, climate change, and future

developmental security.

The call of politicians and economists is now for stimulus. While I support such measures as tactics, I also believe policy-makers, company executives and marketing professionals have a deeper obligation to also engage the systemic sources of this current loss in confidence.

It is not enough – indeed it is an abrogation of responsibility – to simply work towards getting back to business as usual. Our task as strategists is to normalize these unusual pressures and restraints,

creating new terms of value for customers that respect the constraints of living within our means within a dangerous economy and a threatened natural environment.

Crisis can be a catalyst for innovation. If all we do as marketers is lower prices and manage inventory, then really, any automaton could do our job for us. If all we strive for is to hold on until the economy recovers, then we really do deserve our jobs to be outsourced to some foreign head

THE CASE FOR MARKETING ETHICS IN THE SHADOW OF RECESSION

office. Canadian managers and marketers face the rare opportunity to exercise their skills and talents in the service of change as well as results.

In Europe, China, the U.S. and now Canada, the argument is being made that spending public funds will serve as an investment, securing productivity and green infrastructure for the future. Brands face the same possibility, to address the weighty concerns of customers, to redesign sustainable value propositions and to develop business models for the long term.

From history we know that tough times bring people back to basics. In human terms we tend to appreciate even more the values of friendship, constancy, commitment, integrity and community. For companies and brand managers, the imperative to restore confidence or renew public trust similarly awakens a renewed concern for ethics.

Sadly, the professions usually charged with managing brand trust have the biggest credibility holes to dig out. Various studies show that marketers are held in suspicion by other departments within their own companies. And while advertising professionals confront what many consider to be the most challenging ethical quandaries in business, the industry has been documented to be a laggard in establishing relevant codes, training personnel on ethical decision-making, and

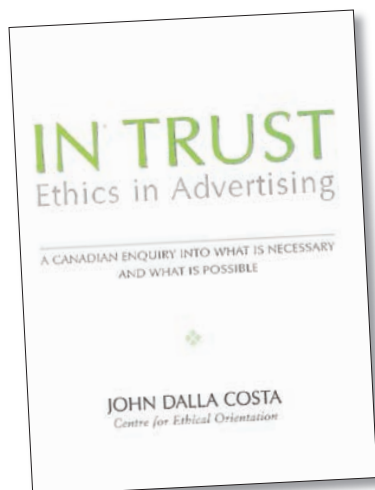
measuring ethical impacts or outcomes. Such moral shortcomings, largely invisible in fast-growth economic times, become huge liabilities within the scrutiny and suspicion of deep recession.

Companies and marketers that focus on their ethics in bad times earn the public confidence to lead when new patterns of possibilities emerge. Johnson & Johnson famously developed its corporate "Credo" during the Depression. Designed as a framework for dealing fairly with physicians, customers and employees during the bleak days of that prolonged economic downturn, the Credo was so ingrained in the culture that it played the defining role decades later in that company's celebrated response to the Tylenol tampering scare.

This is the time to invest in social responsibility, not curtail it. This is the exact moment to foster ethical reflection among managers and in strategy making.

Marketing and advertising are vitally important to our future – for fostering sustainability, creating shared commitment to the common good and helping citizens, customers and communities work through wiser choices. To lead what I believe will be an upcoming renaissance, the professions of persuasion must develop true professionals with high, visible and visionary standards for the public good.

John Dalla Costa is the founding director of the Centre of Ethical Orientation, a Toronto-based consultancy working with private and public sector organizations on governance, ethical culture, and brand trust. He is the author of five books, including, most recently, In Trust. Ethics in Advertising: An Enquiry into What Is Necessary and What Is Possible. You can reach John at jdallacosta@ceo-ethics.com.





BY WILL NOVOSEDLIK

CALLING ALL MALLS

In ancient Greece, they called it the agora. In Rome, they called it the forum. We call it the mall.

Reduced to its essence, a mall is nothing more than a place where merchants gather to attract customers. Put enough merchants and wares together in one spot and you will reach a point where, on the appointed day, people will come from all around to jostle and haggle for the stuff of life. There is nothing quite so comforting or promising or engaging as the buzz of a lively marketplace.

Historically, this phenomenon has occurred in the town square. Every village had one. Every city usually had one or two main ones and several smaller ones. Paris has Les Halles, Venice has Piazza San Marco and Prague has Vaclavske Namesti.

But a funny thing happened on the way to the suburban forum. Whereas the town square grew organically as the result of increasing urban density, it was the very lack of density in the suburbs, aided by the family car in every driveway, that created the sprawl we call the mall.

And because the suburbs are the product of property developers, the mall is less a retail phenomenon than a leasing machine. It looks like it does because of the developers, not the retailers.

In deconstructing the experience, you can see the effect this has had. Let's start with the approach. Typically a mall is a long, low, flat and often meandering structure surrounded by a sea of asphalt. Get in a little closer and there are still very few cues as to what the place is for, because the perimeter wall is entirely featureless, like a walled fortress.

Beyond the unwelcoming exterior, is there a sense of arrival? The featurelessness of the perimeter sometimes give way to a grand entrance, perhaps expressed by a much taller architectural element. Cities of medieval vintage like Paris and Prague provide us with several examples. They once functioned as gates to the city, and were meant to impress upon the visitor that they were arriving at an important place.

But many malls have overlooked the semiotic significance of such a structure and have replaced it with

several nondescript entryways designed more for quick access from different sections of the parking lot than for creating a sense of arrival. The approach and arrival experience have been designed to accommodate cars over people.

Once inside, you are, effectively, in a simulated streetscape. Strange then how most malls have not emulated the kind of experience you have in a real streetscape. On a real street, buildings are not all the same. They are different heights, different finishes, some designed by architects, some not, some jutting out into the pavement and others receding. In other words, the street has texture and variety. It has life.

The mall, on the other hand, has a much more uniform profile. The mall acts more like an envelope than a street, and is probably viewed this way by its owners, who again are in real estate, not retail. That fundamental dichotomy, as Paco Underhill points out in his 2004 book *The Call of the Mall*, lies at the heart of what is wrong with malls today.

To build on Underhill's observation, since the owners are not retailers, they tend not to think of their properties as brands. You look at the marketing communications emanating from these properties and are hard-pressed to understand what

distinguishes them from each other beyond location. And if they are not thinking of their properties as brands, they are definitely not thinking of them as brand experiences.

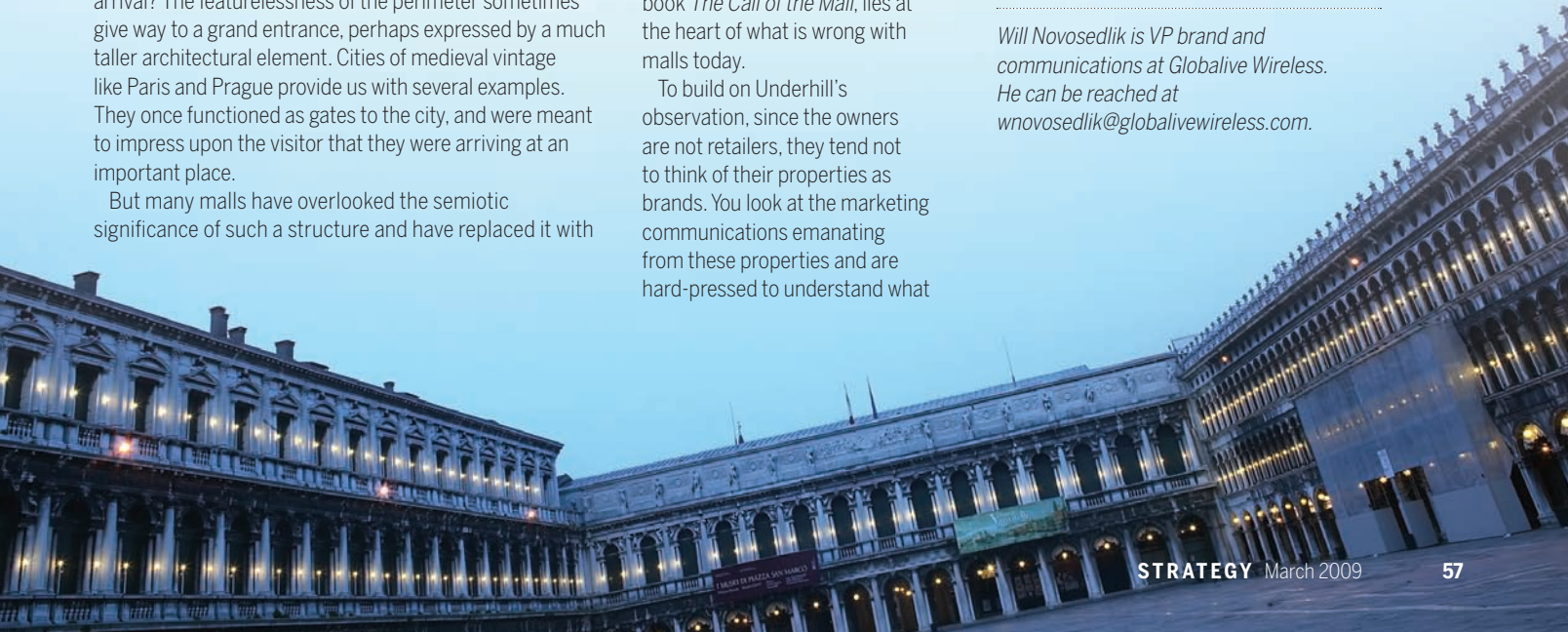
This is beginning to change. Some property owners are waking up to the fact that, like retailers, they are competing for their customers' attention. In the Toronto area recently, some properties have begun to position themselves, but rather than seeking differentiation, they seek sameness. Everyone is calling themselves a fashion destination, even if they can't really support that claim.

An idea might be to position yourself around your local customer base. Why not get intimate with them and build the mall experience around them? Why not accept them, acknowledge them, even celebrate them? This would require leasing departments to use more customer research to inform their decisions. In a very competitive arena, this might be the way to go if everyone else is trying to be the same.

So here's the formula: different customers = different brand experiences = competitive advantage. Once the envelope is viewed as a brand, once you understand your customer, it is only a short step to recognizing that what the mall is really offering is a brand experience.

Will Novosedlik is VP brand and communications at Globalive Wireless. He can be reached at wnovosedlik@globalivewireless.com.

BRAND EXPERIENCE



FALL '09 SNEAK PEEK

The new broadcast season hype typically starts soon, as the U.S. networks prep new shows for the pomp and circumstance unveiling mid-May in New York (with Canadian nets following in June). The hoopla was toned down last year, largely due to the writer's strike. Given the current economic plot twist, a team of buyers from SMG have imagined what's in store for us come September...

Starcom MediaVest Group Fall TV credits: Lauren Richards, Valerie McMorran, Lindsey Talbot, Mark Evans, Sabrina Kucharzyk, Michelle Marcy



WHEN SCHEDULING IS A GAMBLE...

Poker with the Network Stars, an 'All Networks' special starring Leonard Asper, Ivan Fecan, Ian Greenburg, John Cassady and Pierre-Carl Peladau launches mid-September. "I'll give you 25 *Howie Do It's* for two *General Hospitals*."

HOCKEY NIGHT IN MIMICO

The regular season of *Hockey Night in Canada* is back on CBC and starts Oct. 17 – on location at Mimico Arena in Etobicoke, shot by Herb Smith on his handycam.

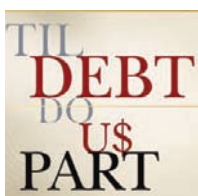


WHO SAYS FALL TV HAS TO BE NEW?

To satisfy Cancon requirements, Canwest loads its sked with the Canadian classics: *Definition*, *Reach for the Top*, *Tiny Talent Time* and *King of Kensington*.

KEVIN MANSBRIDGESON

The Canadian broadcasting industry announces a ground-breaking collaborative effort: CBC, Global and CTV have merged their news – and their newscasters – into one.



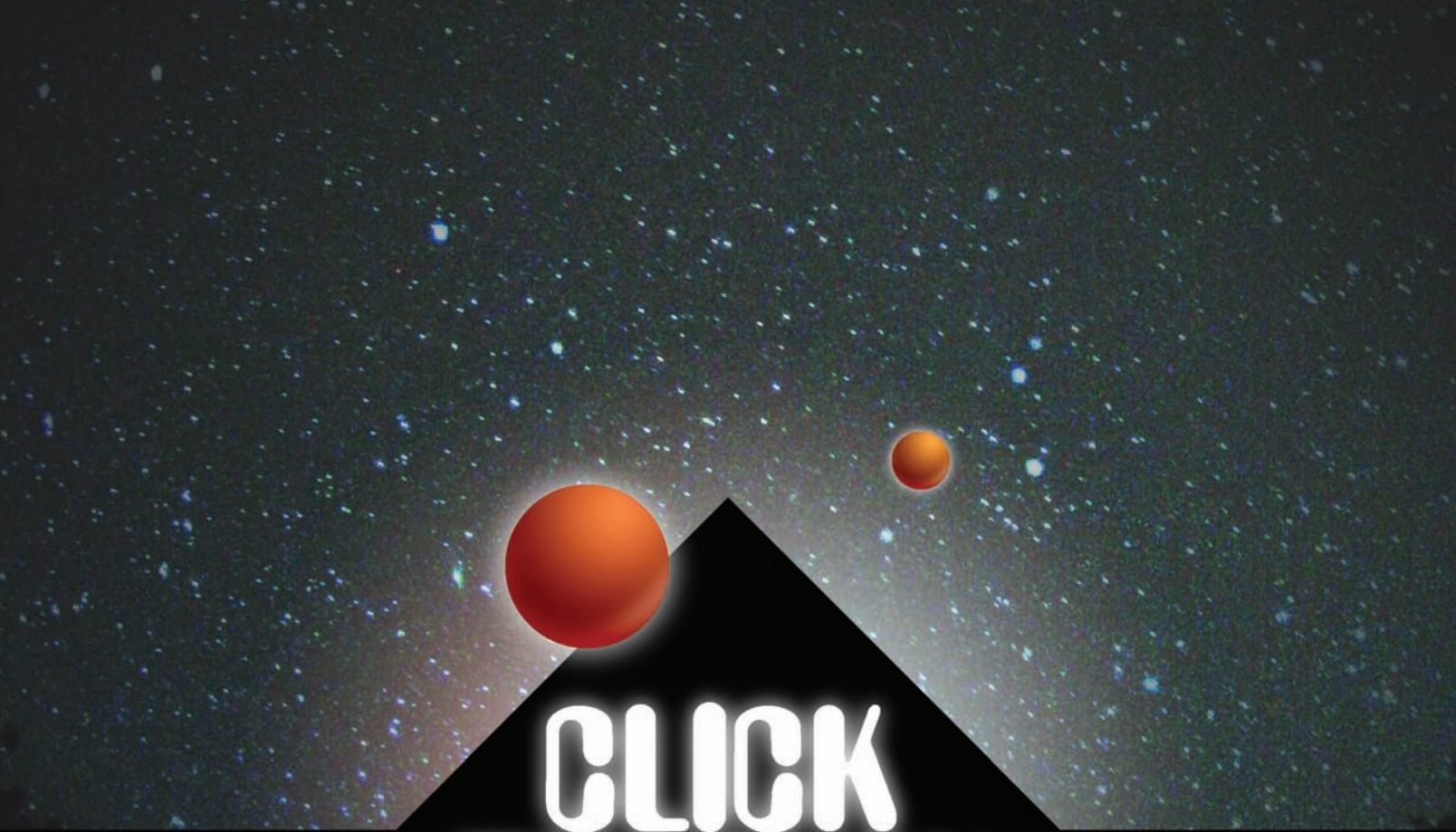
THE HARD NEW REALITY

Til Debt Do Us Part, on Slice, Thursdays at 7 p.m., cracks the top ten.

SURVIVING ON A BUDGET

Due to belt tightening at CBS, *Survivor* suffers a severe budget cut. Not a problem that a little location downscaling can't fix.





CLICK THROUGH RATE

WHAT WILL MEDIA LOOK LIKE IN THE FUTURE?



Explore media in the coming decade at the 2009 Canadian Media Directors' Council conference. This year's theme, '2020 Vision: Leadership And Inspiration For The Next Decade' includes speakers like **Michael Roth**, CEO of Interpublic Group, **Tim Kring**, the mind behind 'Heroes', **Javier San Juan**, President and CEO of L'Oreal Canada, and more. This is a must-attend event for anyone concerned with the future of media, marketing and advertising. Conference takes place March 31st, 2009 at the Metro Toronto Convention Centre. **Buy your tickets for only \$550 at cmdc.ca today.**

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